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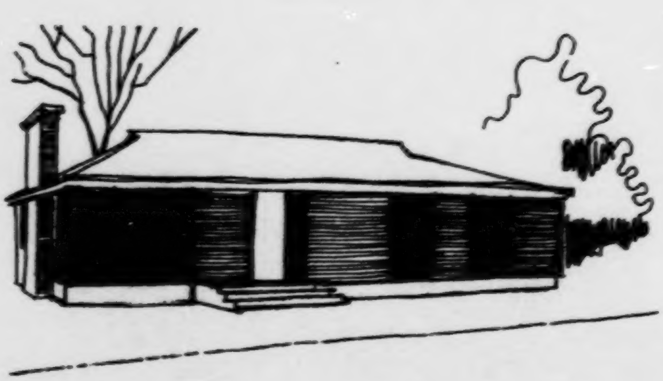
MAKING BETTER USE OF THE EXISTING HOUSING STOCK:

A Literature Review



Ontario

Ministry of
Municipal Affairs
and Housing

Claude F. Bennett
Minister

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AFFAIRS AND HOUSING

MAKING BETTER USE OF THE EXISTING HOUSING STOCK:

A LITERATURE REVIEW

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For

Ministry of Municipal
Affairs and Housing

Housing Renovation
and Energy
Conservation Unit

September 1982

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FOREWORD

Early in 1982, a study was initiated to address the feasibility of meeting future housing needs through more intensified use and careful conservation of our existing housing stock. The study was conducted by a team of private consultants for the Association of Municipalities of Ontario and the Ministry of Municipal Affairs and Housing. Several factors precipitated this joint concern:

- the need for more and smaller rental and housing units over the next 10-20 years;
- the perception that affordability will become a major difficulty during this period;
- the enormous capital investment which society has in the existing stock and related infrastructure, its high quality, relative affordability, and high future replacement costs;
- the prospect of prolonged economic restraint on the part of all levels of government, and the concomitant reduction in facilities and servicing expenditures for new housing;
- the increasing political, social, economic and physical difficulty of providing new housing through large scale redevelopment or fringe expansion.

All of these factors pointed to a need to develop innovative housing supply strategies, based on the potential of the existing stock. The joint municipal and provincial perspectives were clearly necessary in seeking solutions to the obstacles which blocked a smooth path for intensification and conservation.

Before beginning the study, a literature review was commissioned to examine work already published, related to housing demand, supply, conservation and intensification. This review, presented here, identifies a number of major gaps in the literature. The major study addresses many of these gaps and the following work is being undertaken:

- Economic and Demographic Trends for the 80's and 90's;
- Residential Intensification and Future Housing Needs:
    - Physical potential for residential intensification;
    - Economic feasibility of residential intensification;
    - Tenant demand for converted dwelling accomodation;
    - Neighbourhood impact of and resistance to residential intensification;
    - Government regulations and policies;
    - Municipal economic impact.
- Conserving the Existing Rental Housing Stock:
    - Recent losses in the residential rental stock;
    - Impact of grade-related rental stock losses;
    - Future conservation requirements and costs for high-rise apartments;
    - Future impact of high-rise conservation requirements and costs on rents and tenants.

The results of these studies will be presented at the Ministry's conference in January, 1983, The New Neighbourhood, and will subsequently be published.

This literature review represents an important first integration of the existing but wide-ranging literature in an emerging field. It is hoped that government officials, academics and students, and practitioners alike will find it useful.

Housing Renovation and Energy Conservation Unit
Ministry of Municipal Affairs and Housing

September 1982

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INTRODUCTION

Recent economic and demographic trends indicate that the pattern of urban residential development common to the past three decades cannot continue. Much more efficient and effective use must be made of existing urban infrastructure. Future residential growth must also be accommodated in more energy efficient land use patterns. Demand for housing will continue at rates much higher than increases in the general population growth rates. This is due to the continually decreasing size of the average household, especially in urban areas. The nature of the demand will also be considerably different. Social and cultural changes are making the larger urban centres, especially inner-city neighbourhoods, much more desirable than they were in the past.

Three of the more dramatic trends affecting the demand for housing and the nature of the housing stock in the 1980's and 1990's are:

- An increase in the number of one and two-person households;
- An increase in the demand for ground oriented family housing as the baby boom generation reaches family settlement stage; and
- An aging housing stock, with the high-rise rental apartment buildings of the 1960's and early 1970's presenting the most serious problem.

How and where will this demand be accommodated? Will we be able to maintain the bulk of the existing housing stock in a safe and livable condition or must many of these existing units also be replaced, contributing further to demand?

Continued low density fringe development is costly and inefficient, for both the individual household and for society. Yet, increasing residential densities in already developed urban areas presents serious regulatory and political problems. Increased residential densities contravene many existing building codes, zoning bylaws and official plans, and are often resisted by local residents.

All that is clear at this stage is that significant pressures are emerging for change in the pattern of urban residential development and urban land use in general. At the same time there are rather severe economic, regulatory and political impediments to change, including public attitudes and perceptions towards more intensive use of the existing stock. The direction of the necessary change is clear: towards a more effective and efficient use of existing residential infrastructure (hard and soft services in urban neighbourhoods) and of the existing housing stock. There is, therefore, a need to begin to explore systematically the opportunities, constraints and impacts of different strategies for meeting future housing needs.

This literature review is part of a major research project investigating aspects of urban residential conservation and intensification strategies. The research is jointly sponsored by the Association of Municipalities of Ontario (AMO) and the Ontario Ministry of Municipal Affairs and Housing. The goals of the research are twofold:

I. To determine the opportunities for, and the constraints on, meeting housing needs over the next 10 to 20 years by increasing residential densities and using existing municipal residential services more intensively through:

- Conversion: converting existing detached and semi-detached single family dwellings to multiple dwellings through renovation and/or additions;
- Infill: building new housing on vacant or near vacant sites in the already built-up older serviced parts of urban areas; and
- Redevelopment: building new housing through redevelopment of obsolescent non-residential uses in built-up older serviced parts of urban areas.

II. To develop a general understanding of the potential needs and constraints associated with conservation of the existing housing stock through:

- Rehabilitation: structural upgrading and facade improvement to existing housing units in order to at least meet minimum municipal bylaw standards; and
- Renovation: improvements to existing housing which go beyond minimum standards established by municipalities.

As a first step, this paper reviews and summarizes the existing literature relating to urban residential conservation and intensification activity. The aim is to identify relevant findings and issues for the main study and to identify where there are gaps in the existing literature. Its aim is also to identify and organize the vast amount of material which has some bearing on this broad topic. The material has been divided into three categories.

Factors Affecting Demand

A review of the literature relating to factors which are likely to increase the demand for urban housing, including: 1) demographic factors, the changing pattern of household formation and the potential for occupancy of units created through housing stock renewal and improvement strategies; 2) affordability aspects of housing; and 3) user satisfaction considerations, the perceived livability of units created through improvement and renewal strategies.

Factors Affecting Supply

A review of the literature relating to potential impediments to meeting the level and type of demand expected over the coming ten to twenty years, especially factors affecting the conservation of existing housing and the development of new housing in existing urban residential areas. The topics examined are: 1) industry structure, the ability of the renovation and construction industries to adapt to changing residential development trends; 2) existing housing stock, the age and physical characteristics of the stock; 3) the housing conversion market, the groups able and willing to supply potential properties for conversion; 4) regulatory framework, the regulatory factors affecting residential conversion, infill, rehabilitation and renovation activities; 5) community attitudes, the attitudes and perceptions of urban residents to the different types of conservation and intensification activity; and 6) government action, the program and policy framework.

Patterns and Impacts

A review of the literature relating to current patterns and trends and the potential impacts of residential conservation and intensification activities, if these were to be carried out on a large scale. The topics examined are: 1) the current locational distribution of conversion, infill,rehabilitation and renovation activities in Ontario; 2) counterveiling trends resulting in the loss of housing units; 3) the fiscal impacts on municipalities; 4) the potential economic impact on existing neighbourhoods and property values; and 5) the potential social impact, especially on the affordability of housing, and the displacement of low and moderate income households.

A major limitation of this literature review is that there is indeed very little literature on the specific topic of residential land use intensification. The reason for this, of course, is that it is an emerging issue. Market dynamics, the planning system and public attitudes have all been largely geared in the opposite direction. There is, however, a great deal of literature relating indirectly to relevant aspects of the issue. It is this literature which has been reviewed.

An emphasis has been placed on the relevant Canadian literature and on works published in the past six to eight years. A traditional literature review format, limited to a descriptive assessment of the literature, has not been followed. Rather, an issues-oriented approach has been adopted. In addition to reviewing the relevant literature, an attempt has been made to identify issues and concerns emerging from the published material. In the case of the demographics of demand, Section I.1, where there is a great deal of very good recent research, key data on household formation trends and prospects have been summarized and presented. Bibliographies are situated at the end of each of the three parts and contain not only the literature cited in that part, but also a number of other citations which have some relevance to the topic but are not as central.

PART I:

DEMAND: FACTORS AFFECTING THE DEMAND FOR UNITS CREATED THROUGH CONSERVATION AND INTENSIFICATION OF THE EXISTING STOCK.

Housing units created through conservation and intensification activities, e.g. rehabilitation, renovation, conversion, infill and redevelopment, have particular characteristics which make them substantially different from conventional new apartment or subdivision housing. In particular, they are likely to be smaller and at higher densities. In some cases (e.g. infill) they will be relatively more expensive than their suburban counterparts reflecting the high land component of the new downtown housing; in other cases, especially in the case of creating rental units from existing stock through conversion, they will be relatively cheaper than new apartment units. In most cases they will be close to cultural, entertainment and employment activities and will be extremely well-serviced in terms of hard and soft infrastructure.

If conservation and intensification activities are to be marshalled into a potential housing supply strategy to meet future housing demand, it is necessary to examine certain aspects of that future demand to see whether, in fact, such a strategy could be feasible. To this end, Part I examines three factors affecting the nature of future housing demand:

- demographic factors underlying changes in household formation;
- affordability of housing options;
- marketability of higher density housing units.

I.1 DEMOGRAPHIC FACTORS: CHANGING PATTERNS OF HOUSEHOLD FORMATION

I.1.1. Changes in the Number and Size of Households

An assessment of housing requirements depends upon the number, size and characteristics of households, rather than disaggregated population projections. Changes in the number and size of households are the most important factors governing housing demand. This also holds true for other related consumer durables such as electrical applicances and furniture and for the development of hard and soft public services. Because of the significance of these demand determinants, there has been considerable recent attention paid to research into changing patterns of household formation.

Although there are some limitations, the Canadian census provides generally adequate research data on household units. The household serves as the basic unit of enumeration in the census and households are located and defined according to the dwelling within which the person or persons making up the household usually reside. The 1971 census used the following definitions for household and dwelling:

> Household: a person or group of persons occupying one dwelling. It usually consists of a family group with or without lodgers, employees, etc. However, it may consist of two or more families sharing a dwelling, or a group of unrelated persons or of one person living alone.
>
> Dwelling: a structurally separate set of living quarters with a private entrance from outside, or from a common hallway or stairway inside the building, i.e., the entrance must not be through someones else's living quarters. (Canada, 1973b)

Census data on households can, therefore, tell us how many Canadians live alone, how many live together in families, and how many live in non-family groups sharing the same dwelling. A household is nothing more than an individual or group of individuals listing the same dwelling unit as their place of residence. The number of occupied dwellings is approximately equal to the number of households.

A family, however, is different and should not be confused with households or dwelling units.

> Family: a husband and wife (with or without never-married children, regardless of age) or a parent with one or more children who have never married, living in the same dwelling. A family may consist also of a man or women living with a guardianship child or ward under 21 years for whom no pay was received. (Canada, 1973a)

Families are a specific and very significant form of household. The family is the primary decision unit where behaviour-determining decisions are made about such things as reproduction, education migration, spending and consumption, and housing. These decisions affect the future growth of households and families and of the rate of population increase in general. Therefore, to quote one demographer, "the explanation of population growth and of the relationship between, for example, demographic events and economic events, is really an explanation of what is happening to and within household and family units, rather than what is happening to individuals considered as isolated entities." (Wargon, 1979, p. 13)

Two recent studies trace the changing patterns of household and family formation over the past few decades. These are:

Wargon, S.T. (1979) Canadian Households and Families: Recent Demographic Trends, Ottawa: Statistics Canada (Catalogue 99-753E); and

Miron, J.R. (1979) Changing Patterns of Household and Family Formation in the Toronto CMA: 1951 to 1976, Research Paper No. 106, Centre for Urban and Community Studies, University of Toronto.

Both of these papers document the extent of the now well known trends:

- the increase in the total number of households which has far outstripped the growth of population and of family units;
- the decrease in the number of persons per dwelling unit; and
- the increasing prevalence of non-family households relative to family households.

Wargon's study covers national trends from the 1931 census to the 1971 census while Miron examines Metropolitan Toronto's trends from 1951 to 1976. Table 1 and Figure 1 provide summary data from each of these studies. Table 1 shows how the average household size has been steadily decreasing, from 4.4 persons per household in 1931 to 3.5 in 1971. Figure 1 displays the rapid growth of one-person households in Ontario relative to the growth rate of all households. The trend towards one person house holds began in the early 1950's and accelerated rapidly during the 1960's.

Wargon's study is important because it is the only comprehensive treatment of the significant historic trends relating to Canada's households and families. It provides the starting point for the more detailed, more current and more localized studies, as well as for future projections. It will be interesting to see the

TABLE 1

Total Population, Private Households, Census Families, Average Number of Persons per Private Household and Average Number of Persons and Children per Census Family, Canada, 1931-71

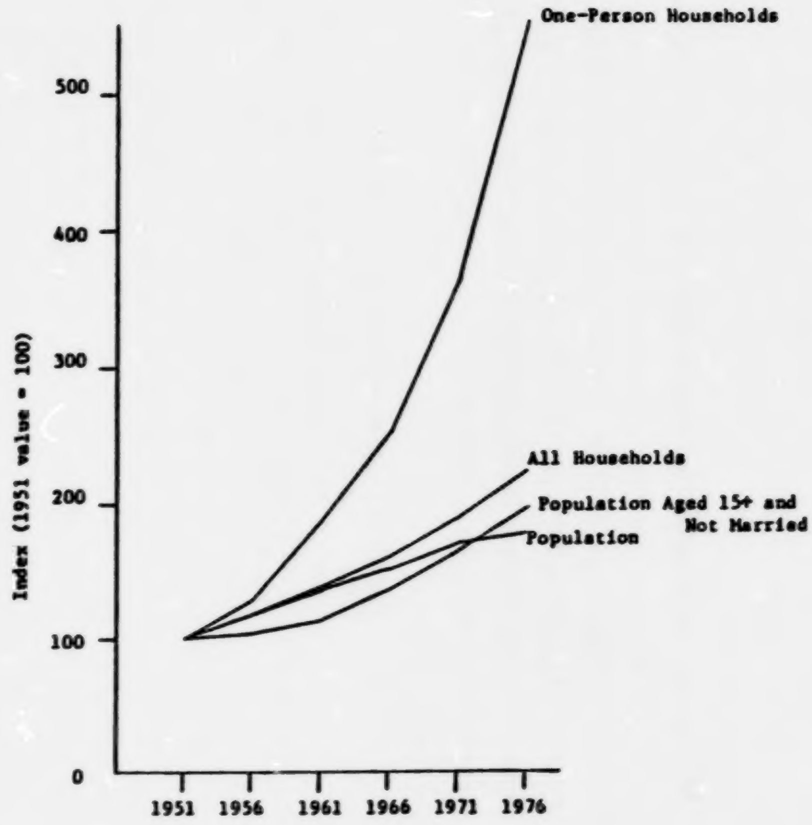
Census year	Total population[2]	Private households		
		Total[3]	Persons[4]	Average number of persons
1931	10,362,833	2,252,729	10,015,779	4.4
1941	11,489,263	2,575,744	..	4.3
1951	14,009,429	3,409,284	13,572,465	4.0
1956	16,080,791	3,923,646	15,447,656	3.9
1961	18,238,247	4,554,736	17,612,145	3.9
1966	20,014,880	5,180,473	19,405,615	3.7
1971	21,568,310	6,041,305	21,033,625	3.5

Census year	Census families			
	Total[5]	Persons[5]	Average number of persons	Average number of children[6]
1931	2,149,048	8,971,311	4.2	..
1941	2,525,299	9,937,986	3.9	1.9
1951	3,287,384	12,216,103	3.7	1.7
1956	3,711,500	14,077,213	3.8	1.8
1961	4,147,444	16,095,721	3.9	1.9
1966	4,526,266	17,681,728	3.9	1.9
1971	5,070,680	18,852,110	3.7	1.7

Wargon, 1979 p.33

FIGURE 1

One-Person Households, All Households, Population, and Not Married Persons Aged Over 14; Ontario, 1951 - 1976



Miron, 1979, p. 6

1981 census data against this background.

Miron carries out a similar historical analysis limited to one metropolitan area during the 1951 to 1976 period. He finds an "unparalleled change in the demographic and hosuehold formation structure" during this period, identifying four main areas of change:

> - There has been a maturing of the baby boom. In its infancy prior to the mid-1960's, this boom meant larger household sizes. In its maturing phase from the mid-1960's to mid-1980's, it has meant and will mean substantial new household formation.
>
> - There has been an increasing tendency for families to maintain their own households. This 'undoubling' trend has been evident since at least 1951 but by 1976 had pretty well run its course in terms of contributing to new household formation.
>
> - There has been an increasing tendency for un-married individuals, especially the elderly, to live on their own or at least away from family units. This trend is evident throughout the study period and shows little evidence of dissipating in the near future.
>
> - Changing attitudes toward marriage and divorce began to appear in the mid-1960's. The decreasing popularity of marriage, the increase in families with a spouse absent, the rising rates of divorce, and the declining rates of remarriage are all changes that appear to be continuing at present. (Miron, 1979, pp. 67-68)

These changes help explain why the number of households is increasing faster than the population and why the average size of households is decreasing. This decline has been brought about by the rise of the one and two-person household, not simply the decline in the number of large households.

1.1.2 Relationship of Demographic Trends to Housing Demand

Family Households: The "Baby Boom crunch."
What do these general trends mean in terms of specific housing demand? One of the few studies to relate demographic trends to housing demand in metropolitan areas is:

- Irving R. Silver Associates (1981) Pilot Study: demographic impacts in Canadian Housing Markets, Final Report, Ottawa: Canada Mortgage and Housing Corporation.

This study focusses primarily upon the impact of the baby boom generation through its life cycle and is the only study thus far to disaggregate the general household trends and focus on their probable impact in major metropolitan areas. As a pilot study it uses the Toronto and Calgary census metropolitan areas as case studies. Because of its focus on the baby boom generation over the next twenty years, it is essentially a study of the demand for family housing. The study points out that the coming of age of the postwar baby-boom generation ."is one of the three or four major demographic events of this century, comparable in its impacts with the great rural-to-urban migration of the 19th century, with the postwar suburbanization phenomenon, and with the large secular declines in fertility and mortality which have occurred since 1900". (IRSA, 1981, p. 84)

The quantitative impact on family housing demand is tremendous and will last until the mid-1990's.

> The tremendous burden which this generation put on the public school system in the 1950's is indicative of its capacity to force major and rapid changes in family residential patterns and associated infrastructure, as the people of this generation pass through what we may call the family settlement stage of our life.
>
> Taking age 30 as the age of family settlement, the period of impact of the baby-boom generation (born 1947-1956) on family housing and residential patterns will be 1977-1995. About 2.3 million Canadians will reach age 30 between 1986 and 1991, compared to 1.2 million in both 1961-66 and 1966-71 and to some 1.6 million in 1971-76. (IRSA, 1981, p. 84)

To compound the problem, the study points to the relative stability of the occupants of family housing in the postwar suburbs. There is a strong tendency in Toronto and Calgary for an aging of households in the postwar suburbs as a result of low outward mobility. The fringe area suburbs, therefore, become the recipient of the "overspill" of households at the settlement stage.

> In both Toronto and Calgary growth in the Postwar Suburbs has been dominated by family households with heads age 45 or more ..... Growth in the Fringe, in direct contrast ... is concentrated in the age groups of less than 45 years. As in the Postwar Suburbs household growth is nearly synonymous with growth in family households. The distinct difference is the distribution by age of household growth in Postwar Suburbs and in the Fringe is perhaps the single most direct piece of evidence in support of our contention that there is a growing tendency for young family households to settle into areas beyond the existing Postwar Suburbs as housing in these latter areas becomes scarce and expensive." (IRSA, 1981, p. 76-77)

Because of this trend , requirements for expensive types of public services, both hard and soft, which are related to fringe urban development will continue to grow strongly. If densities remain low, these requirements will grow at an accelerated pace. If medium or high densities are introduced in these fringe areas, soft costs will increase as well. Because of this, we already see both push and pull factors placing pressure on existing suburban areas to increase densities through conversion of existing housing stock or by redevelopment through demolition of existing housing. Market trends, that is, the demand for grade oriented suburban-type family housing, is creating the pull while some municipalities are begining to see the need to push things in this direction.

A further significant aspect of the Irving R. Silver Associates (IRSA) study is the discussion of the key role public land use development policy will play. Three basic development scenarios are outlined and discussed:

- Balanced Growth: all portions of the metropolitan area tend toward equal growth rates, which is a reversal of past trends;
- High Dispersion: growth is concentrated at the fringe of metropolitan areas, a continuation of past trends; and
- Low Dispersion: growth in the more central areas relative to the fringe, an option falling between scenarios 1 and 2.

It is primarily up to local government to decide which of these scenarios will be achieved. If land use planning measures are not consciously used to alter current trends, the "high dispersion" scenario will likely occur, at great potential social and economic cost.

Whatever course public policy may take, there is no doubt about the dramatic impact on housing and urban development which this very high level of family household formation will have. It is, in fact, already beginning to have an impact. As the study concludes:

> It seems all but certain that a tremendous "crunch" in family housing will occur in the next few years as a result of the great surge in demand from the baby-boom generation coupled with no-growth attitudes and other barriers to growth. The way this "Crunch" is resolved will have far-reaching impacts on the ultimate settlement patterns of the baby-boom generation and on metropolitan growth pattern dynamics generally. The initial stages of this "crunch" are already visible, in the increases in prices and construction rate. Less visible is a rapidly increasing backlog of unmet demand resulting from the price increases and restricted location choices, which are forcing the middle-income segment of the baby-boom cohorts to delay crossing the threshold from renting to home ownership to an even larger fraction of the low-income segment than usual. (IRSA, 1981, p. 101)

Much more research along the lines of this IRSA study needs to be carried out. There has been a great deal of recent work on household formation, but most of it is aggregate, not broken down and applied to metropolitan areas. Some of the recent work by Clayton Research Associates has begun to do this. For example:

- Clayton Research Associates (1981a) Housing Construction in Canada: Study No. 1: New Housing Demand and Starts in Canada and the Provinces, 1971-1986, Toronto: Housing and Urban Development Association of Canada.

- Clayton Research Associates (1981b) Housing Demand and Constraints on Residential Construction in Toronto in the 1980's, Toronto: Toronto Home Builders' Association.

A limitation of work such as this is that it must rely on the best available projections, which are not always very good. There are many variables and many assumptions have to be made. What is required is a much broader base of detailed studies such as the recent work by Statistics Canada, C.M.H.C. and the university research centres. A potential limitation of the IRSA study on family housing needs, for example, is that it might be relying too heavily on population projection data without taking into account other social and cultural changes which might mitigate, to some extent at least, the rate of family household formation of the baby boom generation. Among the more important trends are: the dramatic rise, both relative and absolute, of the one and two-person household; and changing cultural preferences for housing type, location and tenure.

One and Two-Person Households. There have been a number of very good studies of the growth and significance of one and two-person households, including the impact they are having and will likely have on housing and planning issues. Among the more relevant to our topic are:

Harrison, B.R. (1981) Living Alone in Canada: Demographic and Economic Perspectives, 1951-1976, Ottawa: Statistics Canada (Catalogue 98-811).

Miron, J.R. (1979b) The Rise of the One-Person Household in Ontario: Implications for Planning, Ontario: Ministry of Housing.

Miron, J. (1982) The Two-Person Household: Formation and Housing Demand, Research Paper No. 131, Centre for Urban and Community Studies, University of Toronto.

Miron, J. and M. Schiff (1982) A Profile of the Emerging Empty Nester Household, Research Paper No. 130, Centre for Urban and Community Studies, University of Toronto.

Harrison (1981) and Miron (1979b) document the rise of the one-person household from 1951 to 1976 in Canada and in Ontario. Tables 2 and 3 contain the summaries of this dramatic trend. Over the 25 year period the number of people living alone in Canada rose from 252,000 (7.4% of all households)to 1.2 million (16.8% of all households). The largest increase occurred between 1971 and 1976, when the number of people living alone increased by 48.5% In each of the three previous five year periods the increase was about 38%, while there was a 21.8% increase between 1951 and 1956. Living alone shifted from a very rare living arrangement practiced by only 1.8% of the adult population (less than one person in 50) in 1951 to a much more common phenomenon, with 5.2% of adult Canadians (about one person in 20) living alone only 25 years later. In terms of households, about one private dwelling in six had only one occupant in 1976. (Harrison, 1981, pp. 16-17)

Miron (1979b) documents this trend in Ontario. He further separates the urban from the rural trends. As Table 3 indicates, the most rapid growth has been in urban areas, from 6.1% in 1951 to 18.3% in 1976. In rural areas, the numbers are 8.6% to 10.7%. It is a particularly urban phenomenon and it outstrips the increase in all households in general and the increase in either total population or not-married population.

Miron's study is quite central to the housing issue because he offers explanations as to why this trend is occurring, examines the dwelling unit characteristics of the one-person household, makes projections about future growth of one-person households through 2001, and concludes with some comments on the implications for planning that this trend may have. Summarized briefly, the eight conclusions he draws from his empirical work are:

TABLE 2

Population, Households and Number of Persons Living Alone, Showing Percentage Change and Persons Living Alone as a Percentage of the Total Population, of the Adult Population and of Total Households, for Canada, 1951 - 1976

Population, ménages et nombre de personnes vivant seules, selon le taux de variation et le nombre de personnes vivant seules en pourcentage de la population totale, de la population adulte et de l'ensemble des ménages, Canada, 1951 - 1976

	Population	Percentage change Taux de variation	Households Ménages	Percentage change Taux de variation	Persons living alone Personnes vivant seules	Percentage change Taux de variation	Persons living alone as percentage of population Personnes vivant seules en pourcentage de la population	Persons living alone as percentage of population 15 and over Personnes vivant seules en pourcentage de la population âgée de 15 ans et plus	One-person households as percentage of households Ménages d'une seule personne en pourcentage de tous les ménages
1951	14.009.429	-	3.409.284[1]	-	252.436[1]	-	1.8[2]	2.6[2]	7.4
1956	16,080,791	14.8	3,923,646	14.9[3]	308.613	21.8[3]	1.9	2.8	7.9
1961	18.238.247	13.4	4,554,736	16.1	424.750	37.6	2.3	3.5	9.3
1966	20.014.880	9.7	5,180,473	13.7	589.571	38.8	2.9	4.4	11.4
1971	21.568.311	7.8	6,041,302	16.6	811.817	37.7	3.8	5.3	13.4
1976	22.992.604	6.6	7.166,095	18.6	1.205.340	48.5	5.2	7.0	16.5

Harrison, 1981, p. 16.

TABLE 3

Percent of all Households Containing Only One Person By Type of Area; Ontario, 1951-1976.

	1951 (%)	1956 (%)	1961 (%)	1966 (%)	1971 (%)	1976 (%)
Ontario	6.8	7.4	9.1	11.0	13.2	17.0
Rural	8.6	9.0	9.2	10.1	10.4	10.7
Farm	6.2	6.4	5.3	5.9	5.1	4.7
Non-Farm	11.0	11.3	11.3	12.2	12.0	11.8
Urban	6.1	6.9	9.1	11.2	13.8	18.3
1000-2499	---	---	12.0	13.3	14.8	18.5
2500-4999	---	---				18.1
5000-9999	---	---	10.5	12.4	12.9	16.2
10,000-29,999	---	---	10.2	12.6	12.6	17.6
30,000-99,999	---	---	7.9	10.3	12.4	17.6
100,000-499,999	---	---	8.8	11.4	13.6	17.7
500,000+	---	---		10.6	14.4	19.1

Miron, 1979b, p.7.

- that the growth of one-person households has been restricted to urban areas although it has occurred there in all size classes of cities and in all parts of the province;
- that the growth of one-person households has in part but only in part arisen from the increasing relative number of individuals who are not currently married;
- that the growth in one-person households has also in part arisen from the increasing tendency for not-married (single, widowed, divorced) individuals to live in one-person households as opposed to other living arrangements;
- that growth of one-person households has occurred among all age cohorts from youngest to oldest and is not specifically a consequence of a maturing baby boom or and aging population;
- that the effect of government housing subsidy programs on the incidence of one-person households has been small and confined mainly to the low-income elderly;
- that individuals residing in one-person households tend to have higher incomes than other similar non-family individuals although income does not appear to have a substantial effect on the size of the dwelling unit occupied;
- that if current trends in marriage, divorce, widowhood, and remarriage continue, the number of one-person households will increase quickly for at least the next 20 years in both absolute and relative terms;
- that the growth of one-person households has created and will continue to create new problems for planners in terms of housing mix and in terms of the provision and delivery of public services. (Miron, 1979b, pp. 4)

Though the number of one-person households will be increasing, and could conceivably form 30% of all Ontario households by the year 2001, Miron estimates that the implications for future housing policy in Ontario are fairly mild. The housing market was able to adapt to the rapid increase in these households during the 1951 to 1976 period and, in view of this, Miron concludes that the further increase to 2001 "does not in aggregate seem to pose particular housing policy problem" (Miron, 1979b p. 93). The 1950's, 1960's and early 1970's were, however, very prosperous times. For most of the population there was no serious affordability problem, economic rents were not higher than market rents, and household income rose faster than other costs, particularly shelter. Opposite conditions have been prevailing since the late 1970's, and unless there is a change, Miron's prediction will probably not hold. Rather, housing policy problems will likely be one of the major urban issues.

Related to these trends in formation of one-person households, is the trend towards two-person households. The total number of households increased by about 3.0% per year from 1951 to 1976 while the number of two-person households increased by a rate of 4.2% per year. The rate of population increase was only about 2.0% during this same period. The rate of increase for two-person household has not been as dramatic as with one-person households, but it is still very significant. Table 4 provides a summary of the two-person household trends for Canada and the major regions. Between 1951 and 1976 two-person households increased from 20.9% of Canadian households to 27%. Combining the one and two-person household trends for this same period, the increase has been from 28.3% to 44.6%.

In his recent study of the two-person household, Miron (1982) arrives at the following conclusions:

TABLE 4

Two-Person Households as a Percentage of All Households for Canada, Provincial Regions, and Various Rural and Urban Areas; 1951 to 1976

	1951 (%)	1956 (%)	1961 (%)	1966 (%)	1971 (%)	1976 (%)
Canada	20.86	21.90	22.22	23.11	25.25	27.78
Atlantic Provinces	16.64	18.15	18.93	20.00	22.00	24.43
Quebec	17.01	18.47	19.12	20.38	23.07	26.50
Ontario	22.61	23.72	23.93	24.44	26.25	28.27
Prairie Provinces	21.58	22.25	22.71	23.87	26.10	28.55
British Columbia	27.52	27.24	26.37	26.93	28.44	30.54
Rural						
Farm	15.67	16.53	17.04	18.49	19.32	20.26
Nonfarm	21.79	21.82	21.77	22.95	24.72	26.91
Urban						
All CMAs	22.54	23.73	23.53	23.99	25.94	28.26
All CAs	21.45	22.06	20.87	21.93	24.57	27.96
Smaller Urban			22.58	23.41	25.80	28.73

Note: CMA: Census Metropolitan Areas
CA: Census Agglomerations (not defined before 1961)

Miron, 1982, p. 6.

- In the past quarter century, there has been a substantial increase in the number of two-person households which has outpaced the rate of growth of population as a whole.

- The proliferation of two-person households has not been restricted to a particular geographic locale or size of community in Canada. Rapid increases have occurred in rural and urban areas, in small towns and large, and in every province.

- A number of different factors have contributed to the proliferation of the two-person household including population growth, childlessness, and material preferences. The relative contribution of each factor has varied from one time period to the next during the past quarter century.

- There are very marked differences in the incomes of two-person households with the corollary that the ability to afford housing of different types will also vary.

- The decision to form a two-person household appears to be quite sensitive to income. Husband-wife and parent-child pairs with lower incomes tend to seek out shared living arrangements which means that they live in larger (i.e. not two-person) households. Increasing real incomes in the 1970's have had a substantial effect on the formation of two-person households.

- Very few two-person households live in government-subsidized housing. Subsidies are most prevalent among parent-child pairs and to a lesser extent among elderly couples.

- In the 1970's, there has been a substantial shift in the housing occupancy patterns of two-person households. In particular, there has been a shift away from smaller (under 4 rooms) and rented dwellings and towards larger and owner-occupied dwellings.

> - While these changing housing occupancy patterns have occurred at a time of real income growth, income changes do not appear to be the primary cause. Although income does have some effect on size and type of dwelling occupied, its effect is too small to have acounted for the changes observed. (Miron, 1982, pp. 3-4)

In terms of urban housing demand, these conclusions, especially the penultimate, are very significant. Not only is the rate of two-person households increasing as a percentage of all households, but there is a clear tendency for such households to prefer larger, owner-occupied dwellings. In his detailed analysis of income in relation to dwelling size, Miron finds that income does not seem to be systematically related to the number of rooms in the dwelling occupied. (Miron, 1982, p. 65) There is a preference for larger units across all groups of two-person households. Put simply, more housing is increasingly being consumed by fewer people.

Taken together, the increase in demand for housing being generated by the one and two-person households is becoming one of the more significant elements of total housing demand. Data from the 1981 census should provide some very interesting insights into the magnitude of this portion of housing demand. It may prove to be especially important in determining future housing consumption trends, due to the large numbers of higher income one and two-person households who can afford and tend to prefer larger family type urban housing units. This will have a negative impact on the ability of the housing stock to meet the demands generated by the baby-boom generation during its peak family formation stage. For those one and two-person households which either cannot afford or do not prefer the larger family-type units, the growing number of these small-sized households will contribute positively to the demand for the type of units conversion and infill strategies are likely to provide.

The "Empty Nester" Household. A sepcific form of one and two-person households is the "empty nester" household, that generation of parents who spawned the baby boom from about 1946 to 1962 and are now thought to be living alone in the same dwellings in which they raised their families. There have been empty nester families in other generations but the current one has several unique characteristics, according to a recent study by Miron and Schiff (1982). Many of today's emerging empty nesters are relatively well off, in financial and health terms; they have in general had larger families than their predecessors; they tend to be much younger than previous empty nesters; and finally, today's empty nesters are living at a time when much emphasis is being placed on developing appropriate "lifestyles" with attendant patterns of behaviour and consumption. How will this impact on housing demand?

Miron and Schiff conclude that the impact will be relatively minor. Contrary to the popular image of the empty nester household, their study finds that: 1) it is not an urban phenomenon -- almost half of all empty nesters live outside CMA's; and 2) most families never go through a discrete period of empty nesterhood. According to Miron and Schiff,

> Only 18.4% of the families in which the husband was between 45 and 64 fit our definition of the empty nester household -- i.e., a husband-wife family with a husband of that age, with no children present, with a wife who has ever borne children, and which is maintaining a household without any additional persons present. Furthermore, in almost 70% of husband-wife families in which the husband is between 45 and 64, there are still children living at home. (Miron and Schiff, 1982, pp. 4-5)

This means that becoming an empty nester is a gradual process, not an abrupt transition. As a result, there is a wide variety of family arrangements which may exist during the period when one would expect the husband and wife to be empty nesters. Miron and Schiff conclude that empty nesters are a much more heterogeneous group than is portrayed in the popular image, and that they need a variety of housing forms to meet their needs. They do not represent one homogeneous category.

More importantly, the removal of empty nesters from their homes cannot be considered part of the solution to the shortage of grade related, family housing for the baby-boom generation. They are too heterogeneous a group to have any significant impact on freeing up a lot of family housing during the next 15 years in the postwar suburbs. In addition, as the Irving R. Silver Associates study (1981) points out, the potential empty nester households show very low rates of mobility. They are unlikely to move out of their postwar suburbs in time to have an impact on family housing demand.

I.1.3 Future Trends in Household Formation

What about future trends in household formation? Starting with the 1971 census, Statistics Canada began developing household and family projections for the first time. The most recent set of projections, based on the 1976 census, is:

- Canada. Statistics Canada (1981) Household and Family Projections: Canada, Provinces and Territories, 1979-2001, Ottawa (Catalogue 91-522).

For general population projections, the most recent reference work, also based on the 1976 census, is:

- Canada. Statistics Canada (1979) Population Projections for Canada and the Provinces, 1976-2001, Ottawa (Catalogue 91-520).

Canada Mortgage and Housing Corporation has also undertaken projections to the year 2000. CMHC uses two sub-models to generate estimates of household formation, a demographic sub-model and a housing requirements sub-model.

- Canada Mortgage and Housing Corporation (1978) Housing Requirements Model: Projections to 2000, Ottawa: Program and Market Requirements Division.

Any projections, especially detailed household characteristics over a long period of time, are inevitably crude extrapolations of recent trends and must be viewed in that light. Nonetheless, projections are very useful as a means of checking the consistency of our ideas about how present patterns will change in the future. Projections also help us review our underlying assumptions about what will be happening in the future.

In terms of household foramtion trends which will have an impact on housing demand, the trend towards smaller households will be continuing. The only question is at what pace. The Statistics Canada Household and Family Projections (1981) arrives at the following specific projections:

- By 1991, the number of households in Canada is expected to reach between 10.0 and 10.5 million, up 2.8 to 3.4 million since 1976. In relative terms the total growth may range between 39% and 47% - the corresponding increase during 1961 to 1976 was 57%.
- Whereas husband-wife households constituted 71% of all households in 1976, this proportion will decline to between 64% and 66% in 1991.

- The rising trend in the proportion of non-family households is expected to continue, increasing as a proportion to all households from 22% in 1976 to 27% in 1991.

- Projections show an increase in the proportion of family households headed by a lone parent. In 1976, 6.0% of all households were primary family households headed by a female lone parent, while 1.2% were headed by a male lone parent; by 1991, these proportions may increase to about 7.1% and 1.5%, respectively.

- Between 1976 and 1981, over 42% of the total increase in the number of households will be accounted for by the growth of households under 35 years of age. The contribution of this group to the total household growth, however, will decline substantially in the years ahead, but on the other hand, the corresponding contribution of the group 35 years and over between 1986 and 1991 could reach as high as 88%.

- About 20% of the projected increase in the number of households during 1976 to 1981 is expected to be accounted for by households with persons 65 years and over, and this proportion may increase to 28% for the 1986 to 1991 period.

- The most important factor responsible for the increase in households is the increase in the adult population, with changes in headship rates playing a minor role.

- The decline in the average number of persons per household will continue, from 3.2 in 1976 to 2.7 in 1991, mostly due to the declining fertility rate coupled with an increasing proportion of people living alone.

- Families are expected to grow at a lower rate than households, the growth to be between 31% and 36% during 1976 to 1991, from 5.7 million in 1976 to between 7.5 and 7.8 million in 1991. (Canada, Statistics Canada, 1981, pp. 13-14)

In summary, the rate of new household formation will continue to increase but at a rate slightly less than in the past. The mix of household types will change dramatically and the average size of households will continue to decrease.

For Ontario household formation projections, Peter Barnard and Associates was commissioned in 1976 to generate forecasts to the year 2001. This study is based on population projections for Ontario made by the Economic Analysis Branch of the Ontario Ministry of Treasury, Economics and Intergovernmental Affairs based on 1971 and earlier census data.

- Peter Barnard Associates (1977) Ontario Housing Requirements, 1976-2001, Ontario Ministry of Housing.
- Peter Barnard Associates (1977b) Appendices to the Report: Ontario Housing Requirements, 1976-2001.

The study drew the following four major conclusions regarding housing requirements to 2001:

- Growth in housing requirements by 1977 had peaked but should remain at high levels until the mid-1980's.
- After 1986, all areas of the province should experience a substantial decline in new housing requirements.
- By the period 1991-96, net migration is expected to account for 46% of new housing requirements.
- Most major urban centres are planning for growth in excess of the requirements.

In 1981 the Policy and Program Development Secretariat of the Ontario Government updated this study.

- Rana, R. (1981) Housing Requirements to Year 2001: An Update, Policy and Program Development Secretariat, Management Planning and Evaluation Branch.

The update points out that although the Barnard forecasts projected the downward trend for housing demand to the year 2001 acurately, it failed to catch the magnitude of the drop which has taken place in the recent past. Barnard's projections assumed the net migration to the Province of Ontario as being 50,000 annually to the year 2001. As the following table demonstrates, this assumption was overly optimistic. It did not or could not foresee the substantial drop in immigration, nor the considerable increase in emigration.

Table 5

Immigration and Migration: Province of Ontario

(000's)

Year	Immigration	Emigration	Net Migration
1975-76	165	132	33
1976-77	161	133	28
1977-78	160	130	30
1978-79	134	136	-2
1979-80	131	146	-15

(Rana, 1981, p.3)

By 1978-79 a net outflow of people from Ontario began taking place. If this trend continues, growth in annual household formation will be slower than originally predicted. Barnard's estimates predict an increase of about 62 percent during the 25 year period of about 2.0 percent per annum while the

Ministry of Housing's subsequent estimates indicate that there will be a lower total increase, 39.0 percent of 1.3 percent per annum.

The update of Barnard's forecasts comes to the following conclusions:

> - Barnard's prediction in 1977 that growth in housing requirements will remain at high levels until the mid-1980's will not materialize. Additional housing requirements have been considerably lower than anticipated for the period 1977-81.
> - Throughout the Province of Ontario, housing requirements, by the end of the century, will probably be 40 per cent lower than during the early 1980's.
> - The considerable decline in new residential construction activity will result in a substantial decrease in employment in the residential construction sector.
> - As the existing housing stock ages and new housing requirements decline, much more attention will be paid to rehabilitation and renovation activity by the private sector and all levels of government. Already, there is a considerable shift in this direction, not just in Ontario but throughout North America and Western Europe. (Rana, 1981, p.6)

The need to revise the 1977 estimates so significantly after a short period of time points to the highly volatile nature of some of the key determinants in the rate of household formation. Current economic conditions have further increased the degrees of uncertainty in many of the variables. For lack of any better method, projections are developed from current trends. Current trends, of course, can change, especially categories such as immigration and migration. This does not mean that projections are of little use. On the contrary, they should be seen as providing a reasonable range of likely futures which must be continually updated. Careful projections can be reliable for the short and medium terms.

I.1.4 Implications

Although a great deal of research has been carried out in recent years on the demographic trends relevant to housing and planning issues, there are three basic weaknesses or gaps.

- Aggregate nature of the data. We have an excellent picture of the aggregate trends. But what do these trends mean for a particular region or metropolitan area? Or for sub-markets within a region, or sub-categories of the stock and occupants?
- Aggregate Projections. Long term projections are of limited value once we focus on a particular region or metropolitan area. Reliable short and medium term projections, based on the long term assumptions, must be made for key regions and metropolitan areas.
- Need to update the trends and projections. Many of the more dramatic changes in household formation trends occurred during the 1971 to 1976 period. It is important that the existing studies of household formation be updated with 1981 census data as quickly as possible. Data on the 1976 to 1981 period may present a number of dramatic refinements in current assumptions about trends.

The only major study thus far to look at the impact of changing trends on urban development is the Irving R. Silver Associates study (1981). To some extent the work of John Miron also moves in this direction. We thus have very little data and research on the locational impact of these trends: urban versus rural; large versus small urban areas; inner city versus suburban areas. We know even less about the factors which influence these decisions and the constructive role public policy can play in redirecting trends.

On the question of the implciations of these demographic trends on urban development, the Irving R. Silver Associates study comes to three conclusions, worth repeating here.

> - Increased Requirements for Housing Units
>
> First, total households are growing at a faster rate than total population. Increased requirements for housing units per head of the population place increasing pressures on the stock of housing, which can only slowly and in limited sectors adjust through subdivision of existing structures, placing an additional demand on new construction while portions of the standing stock display excess capacity in the short run. The difficulty of adapting the standing stock to the changing characteristics of households is exacerbated by the prevailing emphasis of housing policy on stimulating new construction, combined with restrictive zoning and building code requirements which militate against innovative solutions to adapting the existing stock. At the same time, housing policy aimed at maximizing the production of new units may be hindered by land development standards. Policies related to transportation and other residence-serving public services tend to follow, rather than lead in this type of situation, responding to load or congestion levels as the growing population of users distributes itself spatially within the urban area. Residential densities change, affecting the optimal type of mix of transportation and other public services, but facilities and services are typically not planned in conformance with anticipated residential development; hence, they can be reconfigured only gradually so as to achieve system balance and avoid the risk of incorrect locations, thereby modifying the rate, location and character of further development. Pricing of such services, even in the long-run may not reflect the full marginal social cost of inefficient development patterns.

- Unprecedented Opportunity to Influence Pattern of Residential Development is Being Created

Second, household growth will be concentrated in the 30-39 age group for two decades. This "growth spurt" in young family households will be a once-in-a-century phenomenon caused by the postwar "baby boom". As the baby boom generation enters this age range, which is traditionally the time for family settlement, it will establish habits and needs relative to dwelling, residential environment, public service and transportation which are likely to persist, just as with the habits and needs of their parents.

From now until the end of the 1980's an unprecedented opportunity exists to influence the pattern of residential growth through a combination of specific housing incentives, coordination of development controls and provision of residentially-oriented public services and facilities. However, this opportunity may be lost as early as the mid-1980's if the looming crisis in family housing stampedes the federal and provincial governments into ill-conceived programs having adverse implications for public investments and other growth-policy considerations.

- Low Rates of Residential Mobility Among the Middle-Aged and Elderly in Postwar Suburbs Will Add to the Problem

Third, middle-aged and elderly people (age 55 and over) have low rates of residential mobility, and these rates have further declined since 1971 (despite popular notions that "empty nesters" and elderly are increasingly moving into elderly housing and migrating to retirement/recreation locales)....

Growth in the elderly population tightens the supply of housing suitable for young families at the very time when the demand for this type of housing is rising to unprecedented levels due to the baby boom and at a time when "no-growth" attitudes are also tightening the supply, especially in many of the areas considered most suitable for families with children. Young

> families, caught in this pincer movement, may increasingly be forced into extreme choices of location and housing type, i.e., inner-city multi-family high-density living, or exurban very-low-density living. Again, the housing market and attitudes toward growth are the key determining variables. (ISRA, 1981, pp. 86-90)

As the baby boom generation reaches the family settlement stage of life, therefore, there will be a tendency for the "normal" pattern of low density urban fringe development to continue. There will also be added pressure on the existing family housing stock. Public policy can play an important role in guiding future urban residential development patterns by encouraging the creation of other options. The changing nature of household types presents a further opportunity for implementing policies aimed at more effective use of existing residential resources.

I.2 HOUSING AFFORDABILITY

Household formation trends and projections are of little value to housing and planning officials unless they are related to the ability of households to afford certain options. The main determinants of housing affordability, such as interest rates, family income, housing costs, new construction activity, have become very volatile and will likely remain so into the foreseeable future. Interest rates and unemployment levels are two of the key macro-economic factors which are well beyond the control of planning and housing officials. One of the best starting points in the housing affordability literature is a joint study produced by CMHC and the U.S. Department of H.U.D.

> Burke, P., C. Casie and G. Doepner (1981) Housing Affordability Problems and Housing Need in Canada and the United States: A Comparative Study, Canada, CMHC and U.S. HUD.

This study develops and applies a comprehensive method for measuring housing need and uses the most recent comparable data to focus on the "core need approach" to housing affordability. The core need approach seeks to identify those households currently experiencing housing problems who would be unable to obtain minimum standard housing without paying an excessive proportion of their income on shelter. This core need approach incorporates the three concepts of physical adequacy, suitability and housing affordability into one comprehensive measure.

The study finds that the magnitude of housing need is roughly the same in both countries. The core need was found concentrated among the lowest fifth of the income distribution (80% in Canada). Renters were found to be more likely in the core need than owners, especially owners with mortgages, many of whom fell into the category of over-consumers and were eliminated from the core need group.

A number of studies of the nature and scale of the housing affordability problem in different localities are now beginning to be published. Among those already published are:

Clayton Research Associates Ltd. (1982) Changing Priorities and the Affordability of Homeownership: A Report for the Toronto Homebuilders' Association, Toronto, June.

McAfee, A. (1979) "Affordable Housing: What Chance in Vancouver?" Quarterly Review, July, pp. 14-17.

Social Planning Council of Oshawa-Whitby (1981) A Profile of the Housing Affordability Crisis In Oshawa and Whitby, Oshawa, September.

Social Planning Council of Metropolitan Toronto (1982) "Housing Affordability in Metropolitan Toronto," Social Infopac, 1(2), April.

Toronto, City Housing Department (1982) Promotion of More Affordable Housing, Report to Neighbourhoods Committee, March 19.

Toronto, Metropolitan Toronto Planning Department (1980) Housing Affordability, Report to the Metropolitan Planning Committee, April 28.

These studies all employ some version of the standard housing cost-to-income ratio method of measuring affordability. If a household spends more than a certain percentage of income on shelter the household is said to have an "affordability problem". More of these studies are, however, beginning to recognize the weaknesses of this approach, namely that: 1) it does not consider the adequacy of the housing unit; 2) it includes households who voluntarily spend a larger proportion of their income on housing; 3) it uses current, not permanent, income; and 4) it does not take into consideration over or under housing. A useful discussion of this issue can be found in Burke et al. (1981).

Few studies, however, focus on the affordability of housing produced by conservation and intensification activities. The Toronto (1982) study resulted from a request by City Council for suggestions on how the city could increase the proportion of affordable accomodation within existing residential and non-residential buildings. The study recommended that the city: 1) undertake a review of the impediments to the construction and conversion of housing for single people; and 2) explore the active and aggressive encouragement of conversions and more intensive use of existing buildings.

As part of the City of Vancouver's program to produce more affordable housing within the city, a program for assisting in the construction of affordable private market housing for home-ownership has been developed.

> Vancouver (1982) The Affordable Market Housing Program: Proposal Call, Moodie Consultants Ltd. for the Vancouver City Council.

Vancouver is offering four city-owned sites for development of about 115 units of modest cost housing at an average suburban density of about 13 units per acre. The sites will be made available to developers at or below market value with a number of financing benefits in order to help produce new housing units in the City that are targeted to middle income and/or first time buyers with incomes around $35,000.

None of these studies, however, deal with the potential contribution of intensification and conservation strategies to the affordability of the housing stock. This is an area which requires original research.

I.3 MARKETABLITY OF HIGHER DENSITY UNITS

A key consideration in the assessment of potential demand for housing created through intensification is the perceived desirability of such housing units by potential users and by people living near either infill and redevelopment sites or converted housing. The following two sections review literature relating to general community attitudes and user satisfaction studies with respect to the desirability of housing units and neighbourhood environments created by the various intensification options.

I.3.1 General Community Attitudes and Perceptions

With one recent exception there has been no systematic assessment of potential demand in terms of the general community attitudes and perceptions about residential intensification options. The one exception is:

> Longwoods Research Group (1981) The Longwood Report on Housing: Public Attitudes and Perceptions of Housing in Ontario, Ontario Ministry of Housing.

This survey was commissioned by the Ministry of Housing in order to gain the views of Ontario's urban residents on a number of housing-related topics. The survey focussed on public images of, and support for, different housing options for meeting future housing needs. Hour-long in-home surveys were conducted with a representative sample of 399 household heads in 4 urban communities: Metro Toronto; Kitchener/Waterloo; Sault Ste. Marie; and Peterborough.

The most frequent general concern raised was that of affordability. Most people (90%) think that fewer people will be able to afford to buy a home in the future. Of the Ontario residents who anticipate moving, 35% think that it will be very difficult to find the type of accomodation they want at a price they can afford. The survey presented seven options for meeting housing needs. While the reactions varied, the overall preferences were found to be quite clear. The seven options were ranked from the most to the least preferred in the following order:

> Rehabilitation - repairing, insulating and generally upgrading houses and apartments

in older neighbourhoods;

- Infill or Redevelopment at Low Densities - removing rundown buildings and replacing them with new low-rise buildings, such as townhouses, row houses and low-rise apartments and condominiums;
- Suburban Expansion - building new housing ranging from detached houses to apartments and condominiums, on land on the outskirts of your city;
- Renovation - gutting and completely renovating rundown houses and apartments in older neighbourhoods;
- Conversion - dividing big houses into smaller individual units;
- Redevelopment at High Densities - removing rundown buildings and replacing them with new high-rise apartments and condominiums;
- Redevelopment of Non-residential Sites - changing available non-residential buildings, such as warehouses and factories, into apartments or condominiums.

The Longwoods Report points out that there is clearly a misunderstanding of some of the options. Redevelopment of non-residential sites for residential uses, for example, has a bad image because it is assumed that there would be aesthetic, servicing, noise, pollution and other such problems. Table 9 summarizes the reactions to the seven housing options. Living in new housing in the suburbs is still relatively attractive to many. All of the options having to do with modification of

TABLE 6

REACTIONS TO HOUSING OPTION

	PERCENT OF RESPONDENTS				
	RATED GOOD TO EXCELLENT (399)	WILL CAUSE CROWDING (399)	AFFORDABLE BY RESPONDENT (399)	ATTRACTIVE TO RESPONDENT (399)	PROBABLE RESIDENCE DURING NEXT DECADE (399)
OPTIONS:					
Upgrade existing housing	87	23	66	61	44
Replace rundown buildings with low-rise	61	59	71	31	21
Expand - building new housing on city outskirts	61	24	48	43	28
Completely renovate rundown housing	57	26	49	45	26
Divide big houses into smaller units	46	64	74	20	12
Replace rundown buildings with high-rise	38	71	52	16	10
Change non-residential buildings	27	52	58	14	7

Longwoods, 1981, p. 8.

existing structures are not equally supported. Not surprisingly, rehabilitation of the existing stock is seen as the most attractive approach for meeting future housing needs. Renovation is not far behind in popularity. In supporting rehabilitation and renovation, the vast majority think that:

> - it is important to preserve older buildings (88%);
> - a reference centre on renovation and energy conservation is needed (86%); and
> - major repairs on rental units for low-income families should be subsidized (83%). (Longwoods, 1981, p. 9)

Conversion of single family dwellings into two or more units, however, is not attractive to many people. Those in urban centres other than Metro Toronto rate the conversion option more positively (good to excellent idea: other centres 53% vs Toronto, 37%). About half of the sample opposed changing the zoning bylaws to permit conversion and 58% opposed it in their neighbourhood, 51% strongly. Despite the high favourable ratings given to the conversion option by urban residents outside Metro Toronto, at least as many oppose conversion in their neighbourhood (61% vs. 55% in Metro Toronto).

The reaction to the redevelopment option at high densities (i.e., high-rise apartment buildings) received strong negative responses. High-rise apartments and condominiums were seen as being too expensive for most people (68%); not attractive to them personally (82%); would result in overcrowding (71%); and should not be encouraged by the Ontario Government (50%). Only 10% of respondents felt that they would probably be living in high-rise accommodation during the next decade. (p. 96)

In terms of the future, 85% had at least one concern about housing during the 1980's. More likely to have concerns were younger respondents (18-34, 91%), residents of small urban centres (91%) and those who anticipate moving in the foreseeable future (90%). The most frequent concerns related to affordability: mortgage rates and housing costs (see Table 10 for a summary).

I.3.2. User Satisfaction

There have been very few studies of the degree of satisfaction among households living in the type of housing units likely to be created by residential intensification strategies. Among the studies which touch on this subject are:

> Burlington, Ont., Planning Department (1976) Residential Information Study: Medium Density Housing, November.
>
> Jackson, D., P. Murphy, and B. Sugarman (1972) Livability At Medium Densities, Toronto: Comay Planning Consultants, December.
>
> Ontario, Ministry of Housing (1975) User Study: Zero Lot Line Concept, Research and Development Section, Ontario Housing Corporation, July.
>
> Richmond, B.C., Planning Department (1977) Housing Satisfaction Study: A Survey of Resident Satisfaction and Preferences in Small Lot Housing Subdivisions in the Municipality of Richmond.

Studies of small lot subdivisions have found a reasonable level of satisfaction with the type of medium density housing which results. The basic concern seems to be with privacy. The Ontario study found that 94% of homeowners interviewed would recommend the

TABLE 7

CONCERNS ABOUT HOUSING DURING THE 1980'S

(QUESTION 13)

	% OF ALL RESPONDENTS		
	Total (399)	Metro Toronto (161)	Other Cities (238)
Interest/mortgage rates are too high	26	11 →	37
Houses cost too much/are too expensive	24	26	22
Poor quality workmanship/material/building standards	11	6 →	14
Shortage of housing/availability of housing	9	11	8
Heating/fuel/energy/costs are too high/expensive	9	7	10
Young couples/people can't afford to buy houses	7	3	10
People can't/no one can afford to buy houses	7	5	8
Property taxes are too high/expensive	7	3 →	10
Rent is too high/expensive	6	5	6
Too expensive/costs are too high	5	7	7
Should be building energy efficient homes - solar/insulated/gas	5	2	6
Not enough lower cost housing available	3	2	4
Overcrowding/high density/no privacy/causes crime	3	4	2
High cost of land/property	3	1	4
Nothing in particular	15	24 ←	9

13. What concerns, if any, do you have about housing during the 1980's? Anything else?

Longwoods, 1981, p.122.

purchase of a zero-lot-line house to friends, and that, in general, the zero-lot-line is an acceptable design concept for single family detached dwellings, in spite of some relatively minor problems. The Richmond, B.C. study found that, on the whole, the majority of the residents of small lot subdivisions are satisfied with their present subdivisions, and that the level of general satisfaction was very similar to satisfaction levels in conventional single family subdivisions.

From the available literature it seems that demand for the type of units created through intensification strategies will depend, in the first instance, upon the general public perception of a specific design approach and that user satisfaction, based on current experience, depends upon the overall care and quality of the design and development of the project. Though much more focussed research has yet to be undertaken, it appears that there is no general opposition to innovative medium density residential development and design proposals.

I.4 SUMMARY

In order for conservation and intensification activities to become an effective housing supply strategy, it is necessary first to determine the nature of future urban housing demand. Three major factors affecting future demand are:

- demographic factors underlying changes in household formation;
- affordability of housing options;
- marketability of higher density housing units.

There is a great deal of literature on various aspects of housing demand in Canada, though few studies have focussed specifically on the demand for the type of units likely to be produced by conservation and intensification activities. The available literature on demographic factors clearly point to a growing demand for urban housing in the next two decades. Of particular relevance are the following four patterns of household formation:

- Changes in Number and Size of Households

  Recent significant trends in the number and size of households include: increases in the number of households is much greater than increases in population and family formation; the number of persons per dwelling unit is decreasing; and the number of non-family households is increasing relative to family households.

- Family Households: The Baby Boom Crunch

  The post-war baby boom is one of the major demographic events of this century; its family settlement is from 1977 to 1995.

- One and Two Person Households

  The increase in the number of one and two person households relative to other household sizes has been very dramatic and this trend will continue well into the future.

- Empty Nester Households

  Empty nester households will not have a significant impact on demand due to low mobility. Recent studies indicate that they are unlikely to move out of their post-war suburbs in time to have an impact on family housing demand.

Though there have been a number of recent studies on the affordability of housing, they do not focus on the affordability of housing produced by conservation and intensification activities. The success of this type of development activity in meeting demand can only be assessed when the potential cost of these housing units is related to the ability of households to afford them. It is in this key aspect of housing demand that a great deal more research must be undertaken.

The other important factor, in addition to affordability, is the marketability of higher density units. The demand for units created through residential land use intensification activities depends in large part on the perceived desirability of these housing units by potential users and by people living near infill and redevelopment sites or converted housing.

General Community Attitudes and Perceptions

There has only been one major recent survey of the general community attitudes and perceptions about residential intensification options. Among the most frequent general concerns found by this Ontario government sponsored survey is the issue of afffordability. Current public perceptions rate conversion of non-residential buildings, high-rise redevelopment, and residential conversion as less attractive options than housing rehabilitation and low-rise redevelopment.

For purposes of assessing the demand for the type of housing which results from the range of intensification activities, it is necessary to undertake much more focussed research.

User Satisfaction

There have been very few studies of the degree of satisfaction among households living in the type of housing units created by residential intensification. Studies of related medium density options, such as the small lot and zero-lot-line, find that residents are highly satisfied with their housing. One Ontario study for example found that 94% of homeowners interviewed would recommend the purchase of a zero-lot-line house to friends.

In summary, the literature on the general demand for urban housing is extensive and provides a more than adequate picture of the nature of this demand. There is, however, very little literature focussed on the specific questions of the affordability and marketability of the type of units likely to be produced by the range of conservation and intensification activities.

PART 1

DEMAND: FACTORS AFFECTING THE DEMAND FOR UNITS CREATED THROUGH CONSERVATION AND INTENSIFICATION OF THE EXISTING STOCK

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building or adding new units in existing urban areas, and 2) residential conservation activities - maintaining the existing housing stock. This will happen only _if_ current residential development patterns change. The change will not occur by itself. The basic options available are:

Intensification Measures

- Conversion: converting existing detached family dwellings to multiple dwellings through renovation and/or additions:
- Infill: building new housing on vacant or near vacant sites in the already built-up older serviced parts of urban areas.
- Redevelopment: building new housing through redevelopment of obsolescent non-residential uses in built-up older parts of urban areas.

Conservation Measures

- Rehabilitation: structural upgrading and facade improvement to existing housing units to at least the minimum municipal bylaw standards.
- Renovation: improvements to existing housing which go beyond minimum standards established by municipalites.

How feasible is it for the supply of housing to be substantially met by a combination of these measures? In recent years a number of studies have begun to focus on some of the issues involved. There are, however, a host of impediments and constraints which need to be better understood. As the following review of the literature on the supply side of the issue indicates, there is only a limited body of research which even indirectly addresses the more relevant issues.

PART II

SUPPLY: FACTORS AFFECTING THE SUPPLY OF UNITS CREATED THROUGH CONSERVATION AND INTENSIFICATION OF THE EXISTING STOCK.

If at least part of the demand for housing is to be met by making more effective and efficient use of existing urban infrastructure and the existing housing stock, several potential factors must be understood and dealt with. These are:

- the ability and willingness of the building and renovation industry to adapt to the new patterns of residential development;
- the amenability of the existing housing stock for conversion and rehabilitation;
- the market for conversions: what kinds of households would find it attractive to convert their homes;
- the revision of existing land use and building code regulations currently inhibiting most forms of residential land use intensification and conservation activities;
- the programs, policies and standards of senior governments;
- the willingness of local residents and property owners to accept various forms of intensification within their municipalities and neighbourhoods.

Aside from building increasing numbers of housing units on the urban fringe, following the development pattern of the past few decades, the demand for housing over the next 10 to 20 years can be met by a combination of 1) residential intensification strategies -

II.1 INDUSTRY STRUCTURE

Making better use of the existing urban infrastructure and the existing housing stock means that the building industry must adapt to new forms of residential development activity. Residential intensification and conservation activities are already being carried out by some segments of the industry and by some individual property owners, but the scale and pace of this activity will have to increase if it is to have any substantial impact. There is very little research relating to the way in which the housing industry will have to adapt and its ability to adapt.

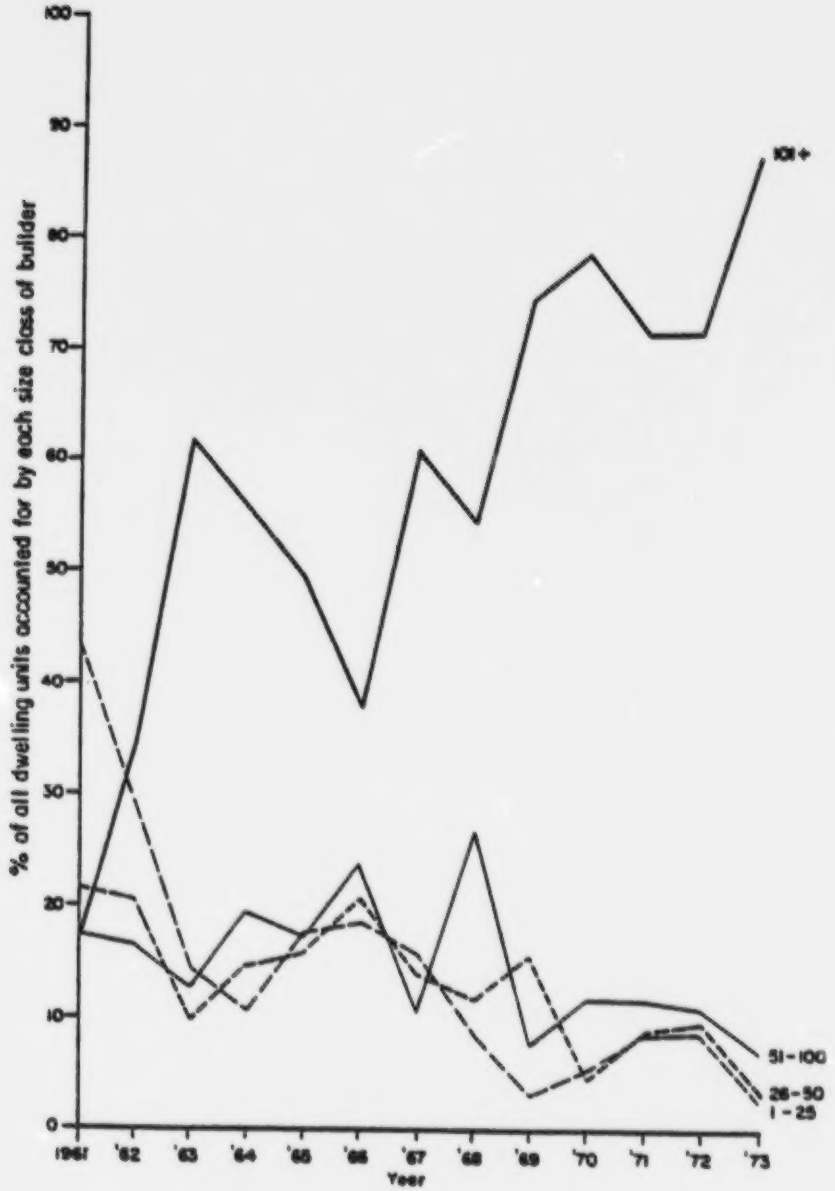
Among the studies which address themselves to at least some aspects of the relevant issues are:

> Rudin, J.R. (1978) The Changing Structure of the Land Development Industry in the Toronto Area, Major Report No. 13, Centre for Urban and Community Studies, University of Toronto.
>
> Canada Mortgage and Housing Corporation (1980) The Long Term Outlook for Housing in Canada and its Implications for the Residential Construction Industry, Ottawa
>
> Clark, J. (1981) An Examination of the Characteristics of Rehabilitation Contractors: Pilot Study for Ottawa, Ottawa: CMHC.
>
> Scanada Consultants (1979) The Potential Market for Residential Renovation in Canada: A Pilot Study of Halifax, Ottawa: CMHC, Policy Evaluation Division.

Rudin's study provides a useful general review of the emergence and characteristics of large development firms, specifically in Toronto but generalizable to other parts of Canada. It is not detailed enough nor up-to-date enough to be of significance to the consideration of residential land use intensification issues, but it is good for the historical background it provides on the evolution of the role of the large residential development firms. As Table 6 indicates, the larger firms have been responsible for most of the new housing built in Canada. One major issue which follows from Rudin's study relates to the question of the continued willingness and ability of the larger development firms to remain in residential construction, let alone adapt to smaller, scattered infill and redevelopment sites. These firms have been responsible for many of the rental starts in the larger urban areas during the early and mid-1970's. During the current recession, they have largely ceased building rental units. Some, like Cadillac Fairview, for example, are concentrating more on commercial projects and projects in the United States, and have sold their rental housing portfolios. Trends such as these, if they continue, raise the question of how the large numbers of required future rental units will be developed.

The CMHC (1980) study of the long term outlook for housing in Canada is a good summary of the potential trends and their impact on the residential construction industry. This study does not, however, address itself directly to the key issues relevant to consideration of residential land use intensification. Rather, it is useful as a good introduction to the long term trends. The study points out, for example, that there is already a trend towards renovation and repair investments forming a greater proportion of total new residential construction (see Tables 7 and 8). The study also points out that, as of 1976, a relatively small number of large firms (313) were responsible for most (58%) of the residential construction, while the smaller

TABLE 8



Percentage of New Units Constructed Using Direct NHA Loans to Builders for Each Size Class of Builder (number of NHA units per year): Toronto Area, 1961-1973.

Rudin, 1978, p. 37.

TABLE 9

THE PATTERN OF RESIDENTIAL INVESTMENT IN CANADA, 1975-1980 ($ THOUSANDS)

YEAR	NEW HOUSING CONSTRUCTION	MAJOR RENOVATION	REPAIR	TOTAL
1975	5,896,316	1,217,541	1,575,805	8,689,662
1976	8,384,939	2,467,593	1,816,814	12,669,346
1977	8,360,132	2,571,822	2,018,674	12,950,628
1978	8,861,704	2,588,846	2,329,408	13,779,958
1979	8,736,614	2,745,146	2,670,935	14,152,695
1980	8,595,350	2,934,170	3,010,836	14,540,356

CMHC, 1980, p. 33.

TABLE 10

THE PATTERN OF RESIDENTIAL INVESTMENT IN CANADA, 1975-1980 (% OF TOTAL)

YEAR	NEW HOUSING CONSTRUCTION	MAJOR RENOVATION	REPAIR	TOTAL
1975	67.9	14.0	18.1	100.0
1976	66.2	19.5	14.3	100.0
1977	64.5	19.9	15.6	100.0
1978	64.3	18.8	16.9	100.0
1979	61.8	19.3	18.9	100.0
1980	59.1	20.1	20.8	100.0

CMHC, 1980, p. 33.

firms (5,897) were responsible for only 21%. Conversion, rehabilitation, renovation and even infill and redevelopment activities are likely to be more suited to the small and medium sized firms. This means there will have to be a great deal of readjustment within the residential development industry. Projecting from current trends, without taking into account the impact of a potential trend towards residential land use intensification, the report points to a number of problems. It identifies five main impacts of the trends:

> - there will not be enough activity in new construction to sustain all of the firms currently involved in it;
>
> - those who do stay in the new housing business could find their market shifting and becoming more and more resistant to distant suburban housing;
>
> - vigorous competition from other construction projects could result in a shortage of skilled labour in several regions;
>
> - the need for management skills will likely increase as the technology associated with energy conservation becomes more and more sophisticated and necessary to success in business; and
>
> - the potential for renovation activity as an alternative will be available to all firms but not all will be equally able to exploit it. (CMHC, 1980, pp. 34-35)

Based on these impacts, the study sees a continuing role for government in housing in order to: facilitate the introduction of new technologies for which standards are experimental; provide consistent levels of advisory and information services; and to monitor the impact of changes in the existing stock over time from a public policy perspective (p. 40). Public action wil also have to be continued in order to help upgrade the condition of the housing stock occupied by lower income households and to help lower income groups meet the higher costs of fully adequate housing.

Clark's (1981) study of the characteristics of rehabilitation contractors found that the renovation industry is probably one of the largest "cottage industries" in the country. Many contractors are not even listed in the phone directory and many could not be traced from information on building permit applications. This indicates that there is not likely to be a serious problem with the supply of small firms engaged in rehabilitation, renovation and conversion. The number of firms will likely adjust fairly quickly to demand, due to low overheads and high flexibility. On a related theme, the Scanada Consultants (1979) study assesses the magnitude of the person-hours, material volumes and overheads involved in renovation work and concludes that there is no threat of saturating the potential market for renovation in Canada even by sustained high levels of renovation work in coming decades.

An unsuccessful search for additional literature relating to the ability of the housing industry to respond to the types of activities involved in residential land use intensification indicates that a great deal more work needs to be done. It is a difficult area in which to carry out research because of the large number of variables. One area in which some U.S. literature might prove helpful relates to the role government can play in facilitating private sector investment in existing urban areas. In the U.S. this is mainly directed at the decaying larger cities. In Canada, however, this literature might have some relevance for smaller and medium sized urban areas, where investment is not always as great as in the larger cities. A good place to start would be the following:

- Bradford, C.P. and L.S. Rubinowitz (1975) "The Urban-Suburban Investment-Disinvestment Process: Consequences for Older Neighbourhoods" The Annals of the American Academy, November, pp. 77-86.
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II.2 PHYSICAL STOCK CHARACTERISTICS

Assessment of the future supply of housing must take into account the physical condition and characteristics of the existing housing stock and in particular, the ability of the existing housing stock to be used more intensively, through conversion into additional units. At present, however, our knowledge of the physical characteristics of Canada's housing stock is limited. This poses immediate problems for policy and program development at all levels of government in Canada.

We do have adequate statistical data on the number, type and age of housing in Canada, from sources such as the census and provincial and municipal housing studies. This is the data used in projecting housing requirements in general. Useful information is contained in studies such as the following:

- Biernacki, C.M (1976) Housing Stock Trends: A Summary; Canada, Ontario and Toronto. Major Report No. 7, Centre for Urban and Community Studies, University of Toronto.
- Canada Mortgage and Housing Corporation (1978) Housing Requirements Model: Projections to 2000, Ottawa: Program and Market Requirements Division.
- Canada Mortgage and Housing Corporation (1981) Population, Households and Housing Requirements, 1976-2001: Ontario and Metropolitan Areas, Ottawa: Market Forecasts and Analysis Division

However, aside from lots of raw statistical data, there have been very few studies addressing specific issues and problems relating to the existing housing stock. One brief article which summarizes some of this data is:

> Rakhra, A.S. and A.H. Wilson (1980) "The Market for Rehabilitation in Canada, The Canadian Architect, April, pp. 14-15, 58.

The authors provide an overview of the potential market for rehabilitation in Canada. They point out that of the 7.5 million units which make up Canada's housing stock, 4.5 million are less than 25 years old and about 2 million were built in the last ten years. In CMHC's 1974 Survey of Housing Units (SHU) it was estimated that 86.5 percent of the housing stock was in good condition, 12.8 percent in need of rehabilitation and 0.6 percent ready for demolition. The incidence of units in need of rehabilitation was found to be twice as high for rental units as for owner occupied ones. From the 1974 data, the following conclusions can be drawn about the potential demand for rehabilitation:

- In 1974, there were approximately 6.6 million housing units in Canada; of these, 4.1 million were owner-occupied and 2.5 million rented.
- Of the 6.6 million units, 894,000 were considered to be in need of rehabilitation and 43,000 to be fit for demolition.
- Of the 4.1 million owner-occupied units, 465,000 were considered to be in need of rehabilitation and 22,000 to be ready for demolition; the corresponding figures for the 2.5 million rental units were 429,000 for rehabilitation and 21,000 for demolition.
- An estimated 5.3 million units were located in urban areas and of these some 662,000 were in need of rehabilitation and roughly 31,000 ready for demolition.
- The units in need of rehabilitation were highest in Newfoundland in percentage terms, and in Quebec and Ontario, were highest in absolute terms. (Rakhra and Wilson, 1980, pp. 15, 58).

Thus, in 1974, it appeared that the market for rehabilitation was somewhere between 13 and 14 percent of the total stock

We know therefore that there is a serious need for major rehabilitation programs. The CMHC (1978) Housing Requirements Model report lists the following as one of its major findings warranting special attention:

> If no major rehabilitation programs are undertaken, the number of net demolitions will increase from 25,000 units in 1977 to about 45,000 units by the year 2000.
>
> In terms of proportion of total housing requirements, this means an increase from 9.8 percent in 1977 to 27.6 percent by the year 2000. That

> increase reflects the increased proportion of the old housing stock (21 years and over) which will reach about 65 percent of the total stock by the year 2000 from 53.9 percent in 1977. (CMHC, 1978, p. 3).

Aside from knowing aggregate numbers such as these, however, there is still no satisfactory method for estimating the number of dwellings which are substandard but capable of being rehabilitated and there is yet little consensus as to how to operationally define "house condition", "substandard" and "rehabilitation need".

In view of this, Canada and the United States have initiated a joint effort to develop an improved information base detailing the nature and extent of housing stock units in need of rehabilitation. The first step has been methodological in nature: how to identify cost-effective methods of collecting reliable information on physical house condition and rehabilitation need. This first phase has been recently completed with the publication of:

> Ekos Research Associates Inc. (1981) Pilot Study of Physical House Condition and Rehabilitation Need, Major Report, Ottawa: Canada Mortgage and Housing Corporation.

The study recommends a data collection and house assessment methodology addressing the following problem areas: measuring and defining physical house condition and rehabilitation need; comparative analysis of data sources and the value of non-expert data; production of continuous scale measures; development of indices of house condition and rehabilitation need; and evaluating the 1981 census question on "state of repair". The study does not provide the data, rather it addresses the methodological questions - how to get the data.

A very useful study of the need for residential rehabilitation in Ontario was published in 1978:

> Stocking, R. (1978) Analysis of Residential Rehabilitation Need and Activity in Ontario, Ontario Ministry of Housing, Policy and Program Development Secretariat.

The study provides estimates of rehabilitation need by tenure in each of the five economic regions of the Province. The findings included:

- As of December 31, 1977, 657,000 dwelling units in Ontario were estimated to be in need of some repair, representing 23.8 percent of the total dwelling stock.
- The Central Region had the lowest proportion of its dwelling stock in need of repair, and the North-Eastern Region the highest, while the South-Western Region also showed a surprisingly high proportion of rehabilitation need.
- The condition of rental stock was significantly better than the ownership stock in all the regions except the Central Region. The largest differences between the state of owned and rental stock occurred in the Eastern and North-Eastern Regions.
- Municipalities with under 3,000 population showed a significantly greater proportion of their total dwelling stock in need of rehabilitation, compared to all other municipalities. This was entirely due to the large size of the ownership sector.
- Approximately 79 percent of the total dwelling stock in Ontario requiring repair, was estimated as having inadequate insulation. A surprising observation was that the North-Western Region's insulation need was estimated to be well below the provincial level.

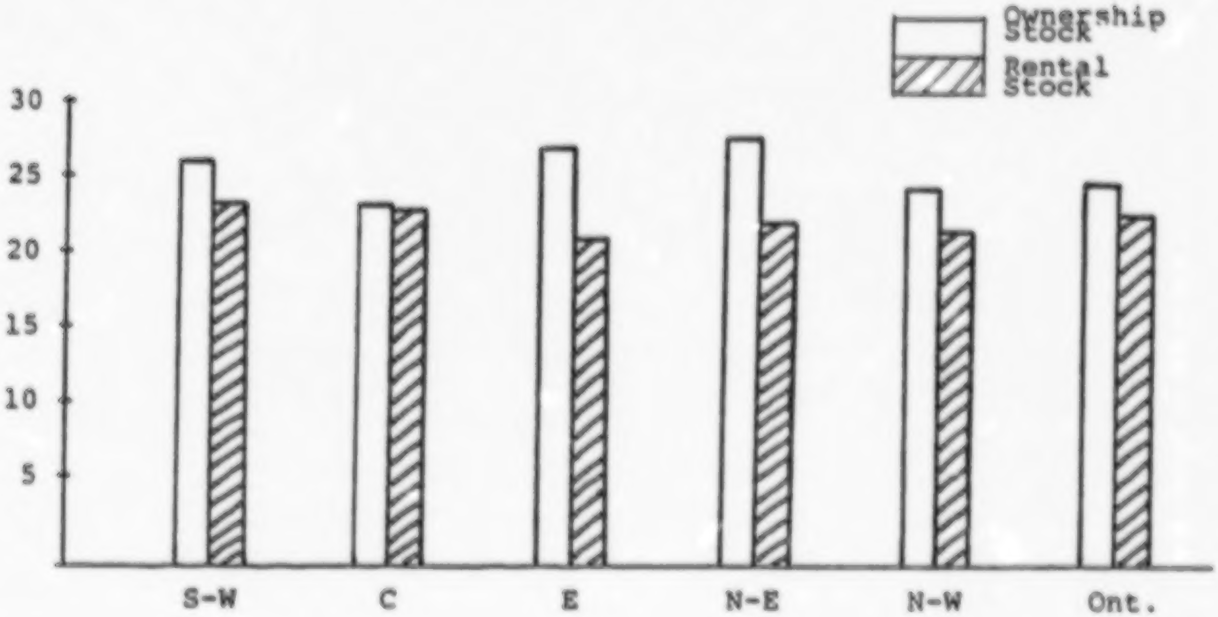
- The level of rehabilitation need for housing stock owned by low income households eligible for government assistance was seen to be decreasing over time, mainly due to the implementation of the Ontario Home Renewal Program (O.H.R.P.)

Figures 2 and 3 provide a graphic summary of this data on a regional basis. This data reflects two characteristics that are in contrast to what might be intuitively assumed. The first is the above average percentage of total stock in need of repair in the South-Western Region. This suggests that there has been an increasing deterioration of dwelling stock in the medium sized rural towns that predominate in the Southwest.

The second characteristic is the below average rehabilitation need existing in the Northwestern Region. The study finds that this can be explained by the relatively good condition of existing stock in the two major urban areas, Thunder Bay and Kenora, whose combined total stock constitute about 52 percent of the region's total housing stock.

The Central Region has the lowest proportion of its dwelling stock in need of repair. This is attributed to the region's high production rate of housing stock within the past decade. However, in absolute terms, there is a substantial number of units in need of rehabilitation and because a great deal of the stock has been built since 1945, the percentage could increase dramatically as we approach the turn of the century. Perhaps most significant will be the need for conservation measures for the rental stock. The numerous high-rise apartment blocks could present serious problems. As Figure 3 indicates, a slightly smaller percent of Ontario's rental stock is currently in need of rehabilitation when compared to the ownership stock. This is only due to the lower age structure of the rental stock

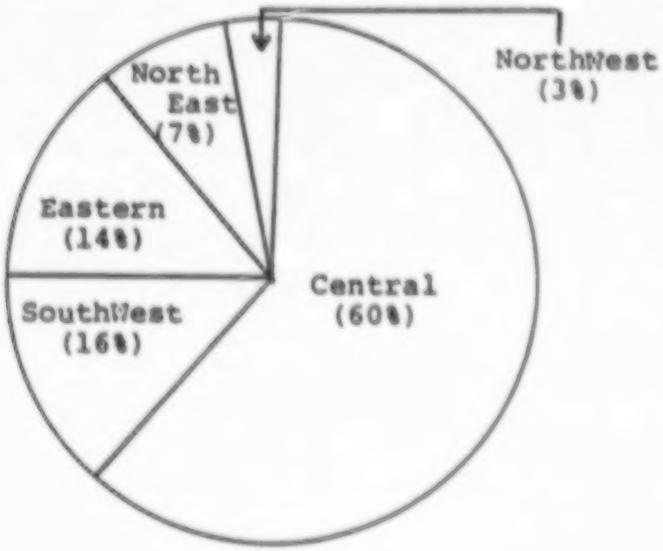
FIGURE 2
Percentage of Dwelling Stock Requiring
Rehabilitation by Tenure and Planning Region
As of December 31, 1977



Stocking, 1978, p. 15.

FIGURE 3

Regional Proportions of Total Units
Requiring Repair in Ontario as of December 31, 1977



Stocking, 1978, p. 13.

and the existence of more stringent building standards governing rental construction. These relative proportions could change in the near future, as the current rental stock ages and as existing house rehabilitation programs begin to have a greater impact.

Data on renovation activities and likely future trends is even more scarce than rehabilitation data. Information on the volume of particular renovation activities, stock specificity, motivations of homeowners, and so forth is entirely missing, making it impossible to assess the extent of penetration to date; and the amenability of the stock to further renovation activity. The main sources of data in this area are the Statistics Canada annual series, Construction in Canada, (Cat. 64-201) and Building Permits Annual Summary, Cat. 64-203) which report renovation activity but by dollar volume only.

II.3 THE MARKET FOR CONVERSIONS

If conversion of single family residences to two or more units is to have any significant impact on the housing supply situation, the groups of homeowners potentially willing to convert their single family homes need to be identified. Homeowners will only engage in conversion if they find it in their interest to convert. Though the immediate economics of conversion are extremely important, there are many other considerations which are likely to be relevant. The importance of the range of considerations and the priority given to the different considerations will differ for different groups of owners. Any assessment of the viability of conversion as a policy option, therefore, must begin with an assessment of the likelihood of different groups to find it in their interests to convert their homes. From this sort of analysis it is possible to make reasonable estimates of the potential numbers of housing units which might be in the market for conversion.

Conversion in the modern context is a very recent issue, and is prohibited in many municipalities. It is not surprising therefore to find that little research on this topic has been undertaken. An exploratory paper was prepared for the Ontario Ministry of Municipal Affairs and Housing to identify the broad categories of homeowners who might be potential converters.

> Lampert, G. (1982) The Market for Conversion (Mimeo) Ministry of Municipal Affairs and Housing

Lampert categorizes the owners of convertible housing stock into the following broad groupings:

- Absentee Owners: landlords who are currently renting the dwelling(s) to one or more households;
- Young Owner Occupants: households in which the owner is less than 35 years old and resides in the dwelling (this includes young singles, young couples and young families);
- Single-Parent Owner-Occupant Families: all families in which the owner is single and has one or more child;
- Middle-Aged Owner-Occupants: households in which the owner is generally 35-54 years old, with or without children; and
- Empty-Nester and Elderly Owner-Occupants: households without children at home in which the owner is aged 55 years or more and resides in the dwelling.

After reviewing each of these categories, he concludes that if owners' concerns about maintaining privacy can be satisfied, and assuming that the financial returns from conversion can justify the initial conversion expenses, the following owner-occupier groups can be expected to be attracted to conversion: empty-nesters and the elderly; young singles; young couples owning a home which they intend to sell if they have a family; single-parent families; and middle-aged singles and couples (without children). Furthermore, it is likely that the low to middle income segments of these groups will be attracted to the potential extra income from conversion. Absentee owners (landlords) will be attracted to conversion only if they perceive that their net revenues will increase. These groups together are estimated to own about 35% of the urban convertible housing stock. Empty-nesters and the elderly own the largest segment of this stock.

The large and growing number of the empty-nester and elderly homeowners has led to a number of studies relating to this specific group. A key characteristic of many elderly homeowners is the situation described often as "asset rich (the mortgage on their home is paid off) but income poor". Other than selling their homes, these households currently have few options in terms of using their homes as a source of supplemental income. Conversion provides one of the best options. But the economic, social and even cultural costs and benefits must be sorted out. Dividing a house legally can be expensive and there may be widespread preferences among such homeowners against such an option. These and related aspects of asset rich, income poor households are beginning to be more widely discussed and constitute an area where further research may prove useful to conservation and intensification strategies. There is a growing literature on senior citizen housing, although little of it seems to address strategies relating to the existing housing stock. The following works have some relevance:

- Epstein, D. (1976) Retirement Housing in Urban Neighbourhoods: Some Inner City Options, Winnipeg: Institute of Urban Studies, University of Winnipeg.
- Tinker, Anthea (1977) "What Sort of Housing do the Elderly Want?", Housing Review, May-June, pp. 54-55.
- Toronto, Committee On Neighbourhoods, Housing, Fire and Legislation (1978) Policy Directions for Senior Citizen Housing in the City.
- Toronto City Planning Board (1979) The Encouragement of a Greater Variety of Housing Types Throughout the City Suitable for Senior Citizens.
- Tinker, A. and J. White (1979) "How Can Elderly Owner-Occupants be Helped to Improve and Repair Their Homes?", Housing Review, May-June.
- Anchor Housing Trust (1980) Staying Put, London, England
- Tinker, A. (1980) Housing the Elderly Near Relatives: Moving and Other Options. HMSO London.

II.4 REGULATORY FRAMEWORK

The potentially most serious constraint on urban residential land use intensification is the current system of municipal building, zoning and planning bylaws. These bylaws, for the most part, either discourage or prohibit most forms of residential intensification. They reflect past and current attitudes about increasing residential densities in existing neighbourhoods. The entire planning system is essentially negative, that is, it is a series of measures designed to prevent certain forms of development from occurring. Building, zoning and planning regulations evolved gradually over the years, in a piecemeal fashion and generally consist of a collection of measures preventing specific forms, types and locations of development which at some point had been deemed to be undesirable.

In addition, changes to existing land use patterns, even where the regulatory system permits it, receive a high level of public scrutiny. Residential conversion, infill and redevelopment, unlike urban fringe development, affect people directly. The immediate reaction in most cases is very conservative: it is safest to simply try and maintain the status quo. Change introduces unknown outcomes and impacts. Even though change could be positive there are no guarantees. The safest course is to minimize the extent of the change or to try and prevent it altogether.

Adapting the regulatory framework as it applies to existing urban areas is going to be a major undertaking and will only occur gradually. There are three basic steps which must be followed:

- identify the specific ways in which the existing regulatory framework constrains or prohibits potentially desirable forms of residential land use intensification/conservation;
- develop new standards and model bylaws designed to permit and encourage residential intensification/conservation; and
- closely monitor the success and impacts of the cases where the new standards have been implemented.

Unfortunately, there is very little experience to draw upon. Of these three steps, only the first has begun to take place. There is a small but growing literature relating to the way in which existing regulations constrain residential conversion, infill, renovation and rehabilitation.

II.4.1 Conversion

- Association of Municipalities of Ontario (1980) Residential Conversion in Ontario; Toronto: AMO Reports #25.
- Damas and Smith Ltd. (1980) Residential Conversions in Canada, Ottawa: CMHC, Technical Research Division.

In its report on residential conversion the Association of Municipalities of Ontario identifies a number of specific advantages and disadvantages connected with the conversion process. These are:

Advantages

- Conversion may result in a more efficient use of under-occupied housing stock.
- Conversion may result in neighbourhoods retaining existing population levels.
- Conversion may provide an additional source of income for persons who may be property rich (home ownership) but income poor.
- Conversion may enable persons to retain their existing properties but in smaller units of more manageable size.
- Conversion may create units which may be more affordable than units that have been created through large scale investment in new construction.

- Conversion may be a significant source of small rental units in downtown locations.
- Conversion may result in the provision of smaller accomodation in a less disruptive manner than would occur through large scale demolition and subsequent high-rise development.

Disadvantages

- The legal inability of municipalities to exercise site plan control does not ensure that converted units will be architecturally compatible with the surrounding neighbourhoods.
- Conversions may be disruptive to existing communities and place a burden on existing community services (car parking, traffic congestion, hard services, schools, parks, etc.)
- Conversions may alter the social structure of communities in an adverse manner.
- Wide-scale conversion may cause an area to deteriorate physically.
- Conversion is perceived as an activity which reduces property values within a neighbourhood although it is recognized that this may not necessarily be true.
- The dilemma of protecting property values and recognizing that individual property owners should have the right to develop and convert their properties, poses a difficult political problem in many municipalities. (AMO, 1980, pp. 5).

Because of these positive and negative impacts, conversion is very much an important local political issue. It is difficult to generalize too greatly in terms of the overall advantages and disadvantages of conversion. Conversion of residential units changes the quality of the housing unit and has a significant impact on the character of the immediate neighbourhood. The extent to which conversion activity is desirable, therefore, depends upon the peculiarities and economics of neighbourhood housing markets, and upon homeowner and local government attitudes. Conversion is a much more sensitive issue than other intensification strategies. Infill and redevelopment projects affect specific sites and their immediately surrounding area. Conversion, however, if carried out on a large scale, impacts on all parts of the affected neighbourhoods.

The Damas and Smith (1980) study is one of the more useful. Its purpose is to determine the potential supply of dwellings available which might be converted into self-contained multiple household accommodation. It also provides a summary of residential conversion activities in several cities (the Ontario cities covered are: Toronto, Ottawa, Hamilton, London, Windsor and Thunder Bay). It concludes that it is not possible to determine with any degree of accuracy what the potential supply of conversion dwellings may be. There are two reasons for this: statistical data is not recorded in such a way as to make possible an accurate assessment of either the volume or rate of conversions in any city, and second, most conversions are made illegally. (Damas and Smith, 1980, p.50)

The Damas and Smith study also notes the serious obstacles in the way of any broad conversion strategy.

> It must be recognized that municipal authorities, for a variety of reasons, are not warmly sympathetic to conversions, even when they are legal. They upset the character and stability of neighbourhoods; they create parking and traffic problems; they produce imbalances in municipal and community services. Homeowners resist conversions for similar reasons. When one adds to these constraints the fact that entrepreneurs engaged in conversion activity are small in size, few in numbers, and limited in scope, and the further fact that in the central areas of our cities the demolition of residences, which includes conversion housing (both potential and existing conversions) to make way for core-area commercial development, is still favoured, and indeed an encouraged practice, the potential for conversion housing seems quite limited. (Damas and Smith, 1980, p. 51)

This pessimistic view, however, should not be taken as the final word on the subject. Demographic changes and the demand for housing in coming years will have an impact on at least some of the present constraints and attitudes. The study concludes by identifying the following list for changes which will help improve the prospects for conversion housing.

- The system of providing both short and long term financing for conversions. This system would have to be changed to make it more nearly equivalent to the financing of new construction.
- A conversion "industry" would have to emerge on a large enough scale and with the appropriate entrepreneurial and technical skills to comprise a distinct component of the housing industry.
- In order for a "conversion industry" to emerge, one of its basic requirements would be an assured supply of convertible dwellings. In order to assure such a supply however, municipal policies, as well as municipal bylaws would have to change profoundly, because the dwellings which comprise the

potential for such a supply are located in established neighbourhoods which would be drastically changed by large scale conversions, or else they are in locations where they stand in the way of core-area commercial redevelopment.

- If the objective of conversions were to increase the supply of rental accommodation, then the same forces which today are turning new construction away from rental accommodation towards condominiums for sale, would also act upon conversion housing, with the same effect. It seems that rental housing on a significant scale, whether in the form of new construction or conversions will require major public interventions. At present there has been such public intervention in the field of new rental housing, but very little in conversion housing, with the possible exception of those instances where some aspects of heritage preservation were involved.

- Homeowners would have to see clear advantages to conversion of their property. Certain groups in the homeowner population might be more readily persuaded than others: "empty nesters" who still occupy the large single family dwelling although their children have gone; owners of dwellings which are aging and which require extensive repairs and maintenance but which are suitable for conversion; first-time owners or others who need extra income to carry the mortgage, and are prepared to undertake the trouble of conversion and the responsibilities of a landlord. But most other owners of dwellings suitable for conversion are not likely to be very interested, and they probably far outnumber the interested group. At some time in the future, as the present housing stock ages, and as demographic trends continue to reduce the number of families with children and the size of households, and as the pace of core area commercial development slackens, the number of interested homeowners may increase. But even under those circumstances it seems that a number of institutional changes will be required in order to realize that full potential.

For details of the specific regulatory impediments to conversion it is necessary to turn to studies of individual municipalities. Very few of these exist. One of the better is a soon to be published study by the City of Ottawa:

> Ottawa. Community Development Department
> (1981) Conversion of Single Family Homes,
> unpublished draft.

This is a very thorough study and should be referred to as a good source of information on the types of issues which must be considered in any study of the feasibility and desirability of conversion. The Ottawa study contains the following:

- an examination of the potential for conversion;
- proposals for criteria, standards and policies for the conversion of single family homes;
- an assessment of the physical problems involved in conversions and workable solutions;
- a review of possible measures by which the physical appearance of the converted dwelling is made compatible with the existing surrounding development; and
- an examination of the implications for the zoning by-law and the building code regulations with respect to conversions, and identification of possible modifications.

The report contains a wide variety of very specific recommendations aimed at making residential conversions more feasible. Among the recommended zoning by-law changes, for example, are the following five:

- The "converted dwelling" definition in the by-law shall be replaced with the following definition:

> "A converted dwelling is defined as the creation of one or more additional units within, partly within or attached to the existing single family structure, either horizontally or vertically. In the case of the upward extension, the overall height of the new building or structure will not exceed two storeys. If the existing structure is three storeys that will be the limit of vertical extension in that case."

- The age of the dwelling to be converted shall be ten years or more.

- The minimum floor area of the dwelling unit created shall be 37.0 square metres (400 square feet) exclusive of halls and stairwells.

- The total habitable floor area in the original dwelling before conversion shall be 93.0 square metres (1,000 square feet) or more.

- Off street car parking must be provided for at least one car for each unit in the suburban area, and in situations where the side yard width is too narrow to allow the car to pass to the rear yard the car should be permitted to be parked in the front yard having a minimum depth of 6 metres (20 feet).

In addition to the Ottawa study, two other recent municipal conversion studies are:

- Sault Ste. Marie and Area Planning Board (1978) Illegal Uses and Conversions.

- Thunder Bay. Community Planning and Development Division (1981) A Summary of Findings and Issues Presented in the "Residential Conversion Policy Study."

With the growing interest in the residential conversion issue, the need for a provincial wide review of the issue has become increasingly apparent. As a first step in this process, the Local Planning and Policy Branch of the Ontario Ministry of Municipal Affairs and Housing conducted a survey of 32 Ontario municipalities, collecting information on: current trends, official plan policies, zoning by-law provisions, planning problems and assessment of a need for a major conversion study. This information is summarized in:

- Ontario. Ministry of Municipal Affairs and Housing (1982) The Need for a planning Study of Single-Family Conversions - Survey Results, Local Planning Policy Branch.

The planning issues identified in the survey include: parking; noise; inadequacy of zoning by-laws; definition of appropriate areas of conversion; building size and aesthetics; deconversion; reduction of open space and privacy areas; occupancy codes; opposition from local residents; over-crowding; and over-use of existing services.

Vancouver and municipalities adjacent to Vancouver, have been studying residential conversion since the early 1970's. The following studies provide a good source of information on different aspects of the issue:

- Vancouver. City Planning Dept. (1975) Housing Conversion: The Potential for Additional Suites in Single Family Houses.
- Vancouver. City Planning Dept. (1975) Study of the Economics of Conversion Housing: Kitsilano Planning Area.
- District of North Vancouver (1975) The Study of Second Suites.

- City of Burnabv (1974) Residential Conversions: A Background Report.
- Vancouver. City Planning Dept. (1973) Information and Statistics: An Economic Evaluation of Conversion Housing in the City of Vancouver.
- Canada. Ministry of State for Urban Affairs (1969) Technical Report No. 5: Conversion Districts, City of Vancouver.

A very good overview of the conversion issue in the United States is provided in:

> Hare, P.H. et al. (1981) Accessory Apartments: Using Surplus Space in Single-Family Houses, American Planning Association, Planning Advisory Service, Report No. 365.

This is one of the more useful and informative of the conversion studies because it raises the issues generated by conversion activity and provides sample provisions from municipal ordinances, together with sample ordinance language and some optional provisions. The case discussed is single-family housing converted to a total of two units. This case is felt to be representative of the bulk of conversion potential in the existing housing stock.

Among the many findings of the study are that: a conversion bylaw is unlikely to make property values decline; houses with a rental income potential tend to rise in value; a municipality could and perhaps should have different conversion bylaws for different neighbourhoods in which different conditions prevail (such as different housing types or parking problems); it may be desirable to encourage the construction of new houses which are easily convertible into two units; and converted housing may lead to some increased assessment and tax revenues but this cannot be the sole objective of a conversion policy because large property tax increases will substantially reduce the incentive to create converted units.

Two other U.S. studies which provide examples of approaches to encourage accessory apartments are:

> Merrimack Valley Planning Commission (1980) One and Two Family Accessory Apartments in the Merrimack Valley, Haverhill, Mass., April.
>
> Metropolitan Washington Council of Governments (1981) Accessory Apartments: A Local Housing Alternative, Washington, D.C., September

II.4.2. Infill and Redevelopment

The attempt to build new housing on vacant or underutilized land in existing neighbourhoods faces many constraints. These may include high land costs; an unproved market; limitations on design and site planning options due to small size of sites; difficulty in obtaining financing; and insufficient space for construction materials and vehicles. Infill has been taking place throughout the country for at least the past decade. Like conversions, infill proposals can also face local resident opposition although "sensitive infill" is sometimes welcomed because of the resulting improvement. Infill is deemed "sensitive" if it conforms with or complements existing dwellings in scale, form, aesthetics and occupancy.

- City of Burnabv (1974) Residential Conversions: A Background Report.
- Vancouver. City Planning Dept. (1973) Information and Statistics: An Economic Evaluation of Conversion Housing in the City of Vancouver.
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The most thorough and highly useful study of infill is the series of reports by Peter Barnard Associates for CMHC.

> Peter Barnard Associates (1981a) Sensitive Infill Housing: Summary Report, Ottawa: CMHC.
>
> Peter Barnard Associates (1981b) Sensitive Infill Housing: Toronto Case Study, Ottawa: CMHC
>
> Peter Barnard Associates (1980a) Sensitive Infill Housing: St. John's Case Study, Ottawa: CMHC
>
> Peter Barnard Associates (1980b) Sensitive Infill: Winnipeg Case Study.

The studies were commissioned by CMHC in 1979 with the objective of providing "sufficient documentation to contribute to a public strategy towards sensitive infill development as an alternative to more conventional development patterns". (Peter Barnard Associates, 1981(a), pp. 1-15). The studies identified costs of infill projects compared to similar suburban development; the various conditions and factors encouraging or discouraging the viability and opportunity for infill development; and the advantages and disadvantages of an infill strategy from a municipal viewpoint. Each of the three case studies has a technical appendix. The entire series provides a great deal of useful information.

The Toronto study, for example, identifies four generic types of infill which have been taking place over the past several years. These are:

- vacant land parcels, either overlooked or with the original use no longer viable;

- underutilized land in terms of proximate uses or changing trends (e.g., school land, church properties, parking lots);
- back lot infill (back portions of private lots); and
- replacement and redevelopment of nonconforming or obsolete use sites no longer economically viable in their current use. (Peter Barnard Associates, 1981(a), pp. 2.19)

The study concludes that in Toronto infill will only be initiated by the private sector if the land is moderately priced, the physical and social infrastructure is at or above standard and if there is a clear demand for new units from households who are well established, childless and attracted to downtown. It was also found that neighbourhood opposition was rare. Infill projects will be successful if the following conditions are met:

- the market for infill housing is healthy, expensive and freehold;
- the majority of infill is townhousing;
- the location and specific features are attractive;
- open space and landscape requirements are modified to allow maximum use of the lot;
- developers are small, local area based and often come from different fields; and
- infill is not a suburban alternative. (Ibid., pp. 2.20-2.23)

A study which examines the design feasibility of increasing suburban densities through infill strategies is:

> A.J. Diamond Planners Ltd. (1981) Increasing Suburban Densities, Adapting the Suburban Pattern, Toronto.

Using Don Mills and Erin Mills as case studies, the report concludes that "suburban housing can be adapted to allow a wide variety of household sizes and types, and to accept increased densities of from 25% to 50%." The densification strategy outlined in the report, it is concluded, provides "a means for gradual incremental change, initiated by the individual homeowner" as long as "public policy at the local, Provincial and Federal levels recognize the value of such adaptation through relaxed zoning bylaws, and fiscal incentives to the individual homeowner to allow such adaptation to occur."

Of related interest is a recent Master's thesis which provides a good overview of the entire suburban residential intensification issue:

> Giles, N.A. (1982) "Suburban Residential Intensification", unpublished Master's thesis, University of Toronto. 70 pages.

The paper analyzes the turnover rates in the suburbs, the case for and against duplexing and the public supported private market perspectives on small-scale residential infill. Municipalities in Metropolitan Toronto are used as case studies and examples.

II.4.3. Renovation and Rehabilitation

The great deal of private residential renovation and rehabilitation occurring especially in the larger cities of Toronto and Ottawa have led these and other municipalities to review their regulatory framework. The Ontario Government has also commissioned studies assessing the impact of current zoning practices on renovation and rehabilitation.

> Ontario. Ministry of Housing (1980a) Rehabilitation and Zoning Review: Summary Report, Rehabilitation and Zoning Review Committee.
>
> W.G. Anderson Planning and Research (1980a) Residential Rehabilitation and Conversion Process and Issues, Interim Report: The Business of Housing Renovation in the City of Toronto, Ontario Ministry of Housing.
>
> W.G. Anderson Planning and Research (1980b) Residential Rehabilitation and Conversion Process and Issues, Final Report: Renovation Financing Practices, Municipal Regulation, Ontario Ministry of Housing.

The Rehabilitation and Zoning Review (1980) examines rehabilitation practices and problems in five Ontario cities (Hamilton, London, Ottawa, Thunder Bay, and Windsor) while the W.G. Anderson studies focus on Toronto. The studies find that rehabilitation activity is occurring extensively in all the cities studied whereas renovation of older housing has not occurred to any significant degree other than in Toronto and Ottawa. The Toronto and Ottawa renovation activities, however, have not been contributing to an increase in the housing stock and to land use intensification. Instead, the extensive renovation activity in these cities has resulted in:

- overall loss of rental accommodation in or near core areas;
- decrease in population density; and

- displacement of lower income groups by middle and upper-middle income groups.

The Rehabilitation and Zoning Review (1980) also found that zoning bylaw regulations are a less important factor than it was initially thought.

> In most areas in or immediately adjacent to the core, multiple family use of older residential properties is permitted. Standards, like parking requirements, setbacks and so on, may be more appropriate to new housing, than to the rehabilitation of older inner-city dwellings. The necessary adjustment of standards may slow down rehabilitation activity, but should not prevent it.

This finding is supplemented by another recent W.G. Anderson study, which reviews the impact the Toronto zoning bylaw has on residential renovation and small scale new infill construction.

> W.G. Anderson Planning and Research and Gabor and Popper Architects (1982) Zoning Impact Study, Toronto Home Builders Association Renovators' Council.

In the cases where proposed rehabilitation and infill projects meet the general intent of the Toronto zoning bylaw, the study recommends directions for change in the bylaw in order to reduce the need for variances and Committee of Adjustment approvals. In a sample city block used as a case study, it was found that all 55 houses would require at least one bylaw variance and a Committee of Adjustment hearing for such things as front setback, side setbacks and building length, distance between buildings, decks and platforms, gross floor area, angular planes and parking. This study should be a useful model of how municipalities can begin to eliminate the unnecessary red tape from activities which fulfill the intent of the zoning bylaw.

In addition to this recent research directed at the practical regulatory issues, there is a great deal more general though still highly relevant literature on renovation and rehabilitation policy. The following are a few examples:

> Crenna, C. (1980) Key Problems and Future Issues in the Improvement of the Existing Housing Stock: A Comparative Analysis of Western Europe and North America, Ottawa: CMHC.
>
> Association of Municipalities of Ontario (1980) Housing Rehabilitation Programs in Ontario, Toronto: AMO Reports #24.
>
> Willson, K. (1980) Housing Rehabilitation in Canada: A Review of Policy Goals and Program Design, Major Report No. 16, Centre for Urban and Community Studies, University of Toronto.
>
> Silzer, V.J. (1975) Housing Rehabilitation and Neighbourhood Change: Britain, Canada and U.S.A. - An Annotated Bibliography, Bibliographic Series No. 5, Centre for Urban and Community Studies, University of Toronto.

Crenna (1980) provides a good summary of the issues relating to increased levels of rehabilitation activity. These are:

- the declining productivity of each unit of public funds devoted to rehabilitation;
- the difficulty of organizing an efficient rehabilitation process;

- the technological difficulties associated with energy conservation in existing housing;
- the displacement of lower income people by higher income people as a result of rehabilitation;
- the difficulty of redistributing the housing stock among different households according to size (Crenna, 1980, p. 4).

As Crenna points out, most of these problems arise because rehabilitation is being done in a context of private property ownership, free trade unions and private investment. The existing rehabilitation literature does address aspects of the first three issues on Crenna's list. The last two, however, are much more difficult for public policy to address. The only current housing programs which provide funding for rehabilitation of existing rental apartments while maintaining the units for low and moderate income households are the federal social housing programs. The public, private and co-operative non-profit housing programs also contain measures regulating the allocation of units according to household size.

One recent study focuses on the rehabilitation of housing owned by senior citizens:

> Streich, P. (1981) Housing Rehabilitation and Senior Citizens, Ottawa: Canadian Housing Design Council.

The study reviews the programs available to assist senior citizens with repairs to their homes, including the development and rationale of such programs, the extent of assistance and volume of activity and some of the issues which have emerged from the implementation of these programs.

Most of the rehabilitation and renovation literature is also limited to issues relating to owner-occupied housing. The rehabilitation issue of the late 1980's and beyond will be the conservation of the large multiple unit apartment buildings, many of which were built in the 1960's and early 1970's. The aging of this very large segment of the rental stock will provide a highly complex set of policy, program and financial issues.

II.5 SENIOR GOVERNMENT PROGRAMS, POLICIES AND STANDARDS

Although most of the supply factors are local in nature, the provincial and federal governments have initiated programs in the past several years which affect the decisions of individuals to renovate or rehabilitate and have developed guidelines for municipal approval of new housing. In addition, there have been proposals for various innovative ways in which these senior governments can alleviate some of the problems constraining the supply of housing through intensification strategies. Two of these innovations are briefly alluded to here: the concept of the neighbourhood conservation district; and the concept of the temporary "Granny Flat".

NIP, RRAP and OHRP*

The neighbourhood improvement and residential rehabilitation programs initiated in the 1970's provide valuable experience upon which conservation and intensification strategies for the future can be developed and refined. A number of very helpful evaluations have been produced by all three levels of government. A few examples:

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* Neighbourhood Improvement Program; Residential Rehabilitation Assistance Program; Ontario Home Renewal Program

- Social Policy Research Associates (1979) An Evaluation of RRAP, Ottawa: CMHC.
- Rostum, H. (1977) Residential Rehabilitation Assistance Program: An Evaluation of Performance, Ottawa: CMHC, Program Evaluation Unit.
- Ontario. Ministry of Housing (1981) Neighbourhood Improvement Program: An Evaluation Summary Report, Community Planning Branch.
- Peter Barnard Associates (1976) An Evaluation of the Ontario Home Renewal Program, Ontario Ministy of Housing, Community Renewal Branch.
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In addition to these studies, a recent Master's thesis provides a review of past and present programs which use rehabilitation as a means of providing inner city low income housing:

> Newman, L.H. (1982) "A Matter of Managing an Inner City Resource: Using Existing Buildings in Inner City Areas to Provide Low-Income Housing", unpublished Master's thesis, University of Waterloo.

The paper reviews municipal inner city residential revitalization policies and the assisted housing programs which utilize existing buildings. The recommendations outline means by which the RRAP, OHRP, Rent Supplement and Non-Profit Housing Programs can be rationalized so as to better utilize the existing inner city building stock for low income housing.

Housing Development Guidelines

Before municipalities can begin amending their regulations affecting conservation, and intensification, all levels of government need to co-operate in developing workable guidelines. The following are examples of the steps already being taken in this direction:

> Ontario. Ministries of Consumer and Commercial Relations, Municipal Affairs and Housing, and Solicitor General (1981) Residential Renovation Guidelines, Status Report.
>
> Ontario. Ministry of Municipal Affairs and Housing (1981) Parking Guidelines for Medium Density Housing, Local Planning Policy Branch.
>
> Ontario. Ministry of Housing (1980b) Site Planning Guidelines for Medium Density Housing, Local Planning Policy Branch.
>
> R.E. Hulbert and P. Partners (1980) Compact Housing: Zoning Bylaw Criteria; Vol. 1 Attached Housing; Vol. 2, Detached Housing, Greater Vancouver Regional District Planning Dept.
>
> Vancouver. City Planning Dept. (1979) Guidelines for Townhouses and Apartments in RT-2 and RT-2A Zones Areas, Adopted by Vancouver City Council, March 20, 1979.

The Residential Renovation Guidelines (1981) are of particular interest because they are aimed at facilitating viable and active renovation and conversion of existing and residential and non-residential buildings to produce additional housing units. The Building Code is oriented toward new construction and the Guidelines report is part of a process of identifying obstacles (technical and administrative), evaluating options, and recommending appropriate solutions. Contained in the report is the interim report of the "Small Buildings" Task Group for single family dwellings, which identifies potential impediments in the Building Code and recommends alternative means of compliance.

Neighbourhood Conservation Districts

The Institute of Urban Studies at the University of Winnipeg has proposed the concept of neighbourhood "conservation districts" to help governments to manage areas in which most of the stock is reaching an advanced threshold in terms of age and condition. The conservation district would not necessarily depend upon large infusions of federal capital as the NIP and RRAP programs have. Rather, it would find ways of developing financial techniques in which the municipality in particular would work in co-operation with private investment institutions such as banks and credit unions to provide loan capital for rehabilitation and investment purposes.

> More specifically the conservation district model would make strategic use of the planning machinery...to allow the city to control and fine tune planning strategies for a particular area according to the needs of the area and carefully formulated objectives and guidelines for the area. It could also involve selective acquisition and incremental site by approval and action rather than large scale and rapid change. The concept has the advantage of being a purely city initiated program and

> would involve existing political machinery to corral interest groups into co-operation with the overall goals of the conservation district. (McKee et. al., 1977, p. 7)

This type of strategy would apply to municipalities in which private rehabilitation and renovation activity in the inner city is not taking place by itself. The role for senior government would be one of active encouragement. For further details see:

> McKee, C., L. Axworthy, G. Milgram and A. Whittle (1977) Towards a Planning Strategy for Older Neighbourhoods, Winnipeg: Institute of Urban Studies, University of Winnipeg.
>
> McKee, C., S. Clatworthy and S. Frenette (1979) Housing: Inner City Type Older Areas, Winnipeg: Institute of Urban Studies, University of Winnipeg.

The Australian "Granny Flat" Program

The State of Victoria Housing Authority presently offers a program as follows:

> Upon receipt of a request from a qualified senior citizen or senior citizen couple, together with clearance from a qualified land owner, the Authority will install and rent a 'Granny Flat' unit in the back yard (or extra land) owned by the relative. When the unit is no longer needed, the unit is removed and relocated by the Authority. The rents are reported to be very nominal.
>
> The unit is a factory assembled modular unit of 378 sq. ft.; a bed-sitting-kitchenette room and bathroom. A lean-to canopy is fitted to provide a large patio-outdoor

> living area. The unit is delivered by truck, lowered onto a concrete slab base, and connected to services installed by the Authority. The cost of the unit in Australia is $15,350; the pad and service connections average $4,000 - all in 1979.

Closer to home, the Ontario Task Force on the Elderly has recently reviewed the "Granny Flat" program. It favours investigation of an approach which would facilitate "Granny Flats" within existing residences with mimimum rehabilitation operations and with sufficient safeguards to maintain neighbourhood values. Rather than separate prefabricated units, therefore, the duplexing of larger houses was recommended. This would allow retired, paid up homeowners the opportunity of providing "Granny Flats" within their existing structure. A recent study of "Granny Flats" sponsored by CMHC is:

> Lazarowich, M. and B.W. Haley (1982)
> _Granny Flats: Their Practicality and Implementation_, Waterloo, April.

This is a substantial (152 page) study examing all aspects of the "Granny Flat" as an alternative method of housing Canada's growing elderly population. The study finds that the "Granny Flat" offers the following benefits:

- it helps maintain the family structure;
- it lessens reliance on institutional care;
- it encourages the elderly to move from their older, single-family dwellings, thereby increasing the supply of affordable housing to younger families;
- it is an attractive and affordable form of housing for the elderly and has little or no on-going cost to the taxpayer; and

- it can improve the quality of life of those elderly persons and their families who are involved in the program.

The potential obstacles to "Granny Flat" implementation were found to be financing and existing land use regulations. With regard to the land use regulations, the study asks: "Why shouldn't those elderly persons and their families who have the desire to live together be given an opportunity to do so, when it is not to the serious detriment of others?" The overall finding of the study is that the concept is being successfully implemented in Australia and that "there are many reasons why it can be as equally successful in Canada."

II.6 COMMUNITY ATTITUDES

The attitudes of local residents are the single most important factor affecting the ability of municipalities to adapt their bylaws in order to support and encourage more efficient use of residential land and of the existing housing stock. The grass roots nature of local government with the relatively small electoral wards and frequent elections means neighbourhood associations can and do have very direct access to and influence over their local officials. Provincial policies and programs, no matter how well developed and funded, could flounder if it were not possible to obtain the necessary community support for planning, zoning and building code amendments.

If residential land use intensification is to be implemented on any significant scale, the 1980's will have to be a period of transition for municipal residential development regulations. The existing regulatory framework has developed in part as a reaction to the relative ease with which neighbourhood redevelopment and high-rise apartment development could take place in the 1960's. Especially in the larger cities, municipal bylaws were amended during the 1970's so as to protect many existing residential areas from more intensive development. Some of the attitudes and perceptions of the urban population need to change if the various approaches to intensification are to be implemented on any significant scale.

The attitudes and perceptions reported in the Longwoods findings tend to verify many of the more commonplace assumptions about residential development issues. More detailed surveys along these lines can further identify concerns associated with the different approaches to residential intensification in the hope of finding ways to accommodate or respond to these concerns. Together with surveys, recent and current cases of intensification need to be more thoroughly studied. Good case studies can frequently identify the actual issues and constraints, which are not always forthcoming from survey research.

Appendix A contains a selection of newspaper clippings about several recent residential development controversies in Ontario. All involve more intensive use of residential land in existing parts of urban areas and all have been or continue to be actively opposed by local residents. None involve demolition of existing residential units or any of the other negative aspects connected with high-rise redevelopment in the 1960's. One is an attempt to build at a high density on an unused portion of a shopping mall parking lot in the City of Toronto. Another is a small infill project in Scarborough involving only 20 units. Yet another is in the Town of Vaughan, on Metro Toronto's fringe, where local homeowners want to prohibit development of a site zoned at 15 units per acre. One of the articles refers to the problem of building any residential project over three stories in North Bay's central area.

These examples not only point to the current difficulty of implementing residential intensification in existing areas on any significant scale, but also point to the difficulty of providing affordable rental housing in neighbourhoods. The examples cited in Appendix A differ in most respects: some are large scale, others small; the locations range from the inner city of Toronto, to the suburban fringe and to a medium size city; and they range from townhouse structures to high-rise buildings. The two things they have in common are:

- increased densities relative to the surrounding area; and
- an assisted housing component

Recent experience indicates that any type of residential proposal, whether public or private, senior citizen or family, will likely generate at least some opposition if it involves any increase in density relative to the surrounding area. Its chances of attracting opposition further increase if it is rental housing, especially if it is assisted rental. Many of the rental projects cited in Appendix A are to be funded under the federal social housing programs and Ontario's rent supplement program in which a maximum of 25% of the family projects and 50% of the senior citizen projects are to be households on rent supplement. That is, the programs are designed as socially mixed housing, replacing the "public housing project" approach of the past. Yet this is often objectionable to some neighbourhoods, even if it is only a twenty unit townhouse project (as in the Scarborough example cited in Appendix A).

This local political reality needs to be kept at the forefront in the development of policies and programs for residential land use intensification and densification. It is likely that the economic realities of the housing situation, especially the shortage of affordable rental, will help change some of the current attitudes and perceptions. It will, however, most likely require more than this slow evolution in thinking. The regulatory framework cannot be effectively changed without the support of local residents. This presents one of the greater challenges to meeting future housing supply needs through strategies involving more intensive use of existing residential infrastructure.

II.7 SUMMARY

In order to meet at least some of the demand for housing in the next two decades through intensification and conservation measures, several interrelated factors must be fully understood if current development patterns are to be modified. These are:

- the house building and renovation industries;
- the amenability of the housing stock;
- the market for conversion;
- the regulatory framework;

- the impact of government programs and standards;
- the perceptions and attitudes of local residents and officials.

The existing literature offers some insight into the problems and issues, and research is already underway into further understanding and removing some of the potential impediments.

Industry Structure

The major issue here relates to the ability of the housing industry to respond to the type of activities involved in intensification and conservation.

These issues range from the structure of the conventional residential construction industry and the changes it faces, to the cottage industry nature of the rehabilitation and renovation contracting industry.

There is little yet of direct relevance in the Canadian literature thus far, but a variety of insights and information can be found in related literature.

The Amenability of the Existing Housing Stock

Based on the age and vintage of its stock alone, Ontario apparently has considerable potential for rehabilitation, renovation and conversion in general terms. However, age and vintage alone are not adequate determinants of rehabilitation need and very little specific data is available on the nature of the stock which actually is substandard, its volume and location, and its likely cost. Likewise, renovation data is also missing.

Information gathering is seen as an essential task. Of particular note is the potentially significant rehabilitation need in the multi-family apartment sector.

The Market for Conversion

Several groups are potentially "converters"; these are empty nesters and the elderly; young singles; young couples owning a home which they plan to sell when they have a family; single parent families; middle-aged singles and couples without children. Of these groups, elderly homeowners and empty nesters form a large chunk, about whose housing options several studies have now been written.

Regulatory Framework

Because municipal land use and building regulations have evolved with low density development and neighbourhood protection in mind, the regulatory framework presents an often incoherent collection of piecemeal and overlapping regulations designed to prevent specific types and locations of development deemed to be undesirable. The major problem with intensification strategies is that they involve a much higher level of public scrutiny than low density fringe development.

There is a small but growing literature concerning the way in which existing regulations constrain conversion, infill, renovation and rehabilitation.

Community Attitudes

A recent Ontario Government survey and review of current development controversies indicates that the attitudes and perceptions of neighbourhood residents will be a major factor in the success of any intensification and densification strategies.

There is limited literature on this subject. There are, however, many current examples of community response to development proposals. These examples need to be studied more systematically.

PART II

SUPPLY: FACTORS AFFECTING THE SUPPLY OF UNITS CREATED THROUGH CONSERVATION AND INTENSIFICATION OF THE EXISTING STOCK

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PART III PATTERNS AND IMPACTS OF CONSERVATION AND INTENSIFICATION ACTIVITY

It is difficult to determine the extent to which conservation and intensification measures are already being implemented. It is also difficult to calculate the social and fiscal impact which large scale intensification could have on Ontario's municipalities. The existing literature does provide some clues but, as in the other categories of demand and supply, there is little research to date which provides a focussed and systematic treatment of the issues.

This section reviews existing patterns and the actual and potential impacts of conservation and intensification activities. Though the issues overlap, the literature has been organized under the following five topics:

- Locational distribution of current conservation and intensification activities;
- Counterveiling trends;
- Fiscal impacts on municipalities;
- Economic impact on existing neighbourhoods;
- Social impact.

III.1 LOCATIONAL DISTRIBUTION OF CURRENT CONSERVATION AND INTENSIFICATION ACTIVITIES

The size of the city, the nature of its housing stock, economic population growth rates, vacancy rates and general economic conditions are factors affecting the locational distribution of different types of intensification activities in Ontario.

Each type of activity is likely to have a different set of determinants which would make it relatively more or less likely to occur on one municipality than in another. There is virtually no literature addressing itself to this issue. Some of the reports reviewed in section II.4 above offer some indication of the locational distribution of intensification and conservation activities. In particular, one study provides some information, though very brief and general:

> Ontario. Ministry of Housing (1980) Rehabilitation and Zoning Review: Summary Report, Rehabilitation and Zoning Review Committee.

This report reviews the existing data in 1980 in order to identify where further research could usefully be undertaken.

The principal findings of this study, based on a review of activities in five cities (Hamilton, London, Ottawa, Thunder Bay and Windsor), include the following:

> Rehabilitation
>
> Rehabilitation activity has occurred extensively in the five cities visited, both with and without public funding. The Ontario Home Renewal Program and the Residential Rehabilitation Assistance Program have been successful and demand for such funds will likely continue.
>
> Renovation
>
> The renovation of older housing has not occurred to any significant degree other than in Ottawa (and Toronto). In Ottawa (and Toronto) extensive renovation activity has resulted in:

- overall loss of rental accomodation in or near core areas;
- decrease in population density; and
- displacement of lower income groups by middle and upper-middle income groups.

Conversion

This is an on-going activity in urban areas, occurring as housing becomes obsolete or uneconomic for certain purposes. In most core areas, conversions do not necessarily mean loss of housing stock flexibility. At any one point in time a house may be used as a single family dwelling, a rooming house or a "plex" containing several dwelling units.

In all the cities visited, legal and illegal conversions have taken place. Illegal conversions, however, are an issue of grave concern in certain cities. Hamilton, for example, has an estimated 10,000 illegal conversions. There are a number of unplanned-for impacts from such development, such as parking and traffic problems. Consequently, conversions will likely remain a controversial item at the municipal level.

Rehabilitation or Renovation for Rental

This has primarily been a homeowner activity with the owner (legally or illegally) adding a basement apartment or flat on the second floor. Few entrepreneurs (e.g., contractors, builders, developers) are involved on a full-time basis in the rental of rehabilitated or renovated properties.

As mentioned earlier (in Part II.4), zoning restrictions were found to be less of a constraint than it was initially thought. Furthermore, in some instances, zoning was found to have a positive influence on rehabilitation. The heritage zones in

Ottawa, for example, encourage the rehabilitation of heritage properties by dropping or modifying certain inappropriate standards, such as parking requirements.

Zoning is only one of the complex set of community planning factors influencing the magnitude and type of rehabilitation activity. The study found that the following were other major factors:

- Financing: the high cost of borrowing money to purchase and to rehabilitate a building;
- Rent Review: the amortization of rehabilitation/renovation costs over long period of time, as well as the potential gap in rents between rehabilitated and unrehabilitated older properties;
- Location: a critical factor in attracting a purchaser or renter, with proximity to the core area and public transit important influences;
- Quality and Size of Housing Stock: the housing has to be worth the rehabilitation investment and should not normally require major structural work. Size is important if conversion is being considered;
- Building and Fire Codes: these may place undue constraints on the type of rehabilitation or renovation work to be carried out, since they are directed primarily at new construction rather than rehabilitation.
- Market: local attitudes toward inner city living, whether there is an active core to attract people and so on, will influence the type of rehabilitation activity going on. While apartment vacancy rates may be one factor, there is not necessarily a direct relationship between low vacancy rates and high rehabilitation or renovation activity.

In one way or another, most of these categories have been at least briefly addressed in previous sections of this report.

Another aspect of the locational distribution of different types of conservation and intensification activities, is the intra-urban distribution. In what sections of cities are they most likely to take place and why? Here we mainly have to rely on current experience due to the lack of any systematic studies. Not only the characteristics of a district within a city but also the political influence of the residents are key determinants. Often areas which can best support intensification from an infrastructural point of view, are least likely to accept it. Intensification tends to happen therefore in areas in which residents are less organized and in areas where new hard and soft infrastructure will have to be provided, often at great municipal expense.

This does not necessarily mean that the expense cannot be recouped through municipal control over a major infill or redevelopment project. Both St. Lawrence (in Toronto) and False Creek (in Vancouver) neighbourhoods involved huge capital expenditures on infrastructure. In both cases, the respective cities coordinated development of the site so as to break even upon completion. Land was either leased or sold to the private sector at prevailing market levels, which were much higher than the original municipal cost of both sites. Officials in Toronto and Vancouver, in fact, estimate that both cities will end up with a small profit due to the boom in real estate prices in 1980 and 1981.

Small scale infill and redevelopment, however, cannot benefit from such a municipal development strategy. Private market forces must be relied upon for project feasibility, often making the residential units produced too expensive for moderate income households.

III.2 COUNTERVEILING TRENDS

There has been considerable renovation, rehabilitation and small-scale redevelopment activity over the past ten years. Part II.2 in particular notes that there is still considerable potential for intensifying the use of existing residential land and stock. However, alongside these intensification activities have emerged two counterveiling trends in larger municipalities which are resulting in a loss of housing units, and sometimes in the actual loss of the buildings themselves. These two phenomena are: demolition of existing multi-family buildings; and deconversion of multiple unit houses to their original single family state.

III.2.1 Demolition and Abandonment

One recent national study has reviewed the extent and determinants of demolition, conversions and abandonment on Canada's housing supply.

> Vischer Skaburskis Planners (1979) Demolitions, Conversions, Abandonments, 3 working papers, Ottawa: CMHC.

The study estimates that about 30,000 units are lost each year through demolition and deletions. About 5,000 are added each year through conversion. The trend in the rate of lost units seems to be declining, based on data available when the study was written in 1979. Between 1961 and 1971, Canada was losing stock at the rate of 0.71% a year. The loss rate in urban areas in 1971 was 0.54% compared to 0.92% for rural areas and small cities (less than 30,000). Ontario had a relatively low loss rate, 0.4%. As one might expect, the loss rate increases with the age of the building: structures built between 1945 and 1961 were lost at a rate of 0.23% a year; the rate for buildings constructed before 1921 was estimated at 1.52%. Census data suggests that 65% of losses are in the single-family detached category. The case studies carried out by Vischer Skaburskis for Vancouver, Calgary, Toronto, Montreal and Saint John conclude that most losses in these urban areas are in multiple converted dwellings - i.e. losses of single family units which have been converted into multiple units.

Among the conclusions drawn by the study are the following:

- Current losses are in the range of 28,000 to 30,000 per year, across the country.
- The loss rate has declined gradually since the 1945-1960 period, attributable partly to the increasing proportion of new buildings.
- The loss rate in Canada is lower than the U.S. rate by approximately 0.2% per year, attributable largely to the abandonment problem in the U.S. inner cities.
- Most urban areas with 30,000 or more people in 1971 have loss rates within a 0.48% to 0.63% range.
- Single-family detached buildings account for 65% of all lost buildings.
- Net additions through the physical conversion of the existing stock are estimated to average 5,000 units a year for the 1961-1971 period. This adds close to 9,000 units to the non-single-family housing category.
- Losses in the single-family attached, apartment and flat category total approximately 11,000

> a year. The net impact of physical conversions on stock characteristics is mostly offset by the losses. (Vischer Skaburskis, Working Paper 3, 1979 pp. 32-34)

The Vischer Skaburskis study is a very thorough one, providing estimates for the major cities as well as provincial data. As with other categories of information, this study should be updated with 1981 census data to discover what changes in the trends have occurred. In particular, we can anticipate an increase in demolitions of low-rise apartment buildings in major urban areas, resulting not only from the age of this stock but also from financing and other imperatives.

III.2.2. Deconversion

The only city of the five investigated in the Rehabilitation and Zoning Review report which had experienced any substantial core area renovation was Ottawa. However, in contrast to the increased densities the study anticipated finding from such renovation activity, it was found that the opposite has happened - dwelling units and population have been lost. Data on this loss is provided in two City of Ottawa reports:

> Ottawa. Community Development Department (1979a) Instability and Tenant Displacement Within the Inner City Rental Market.
>
> Ottawa. Community Development Department (1979b) Demographic and Housing Changes in Ottawa-Carleton.

Furthermore, most renovation activity has been directed toward the luxury market.

Without further study it is difficult to identify conclusively why the renovation and conversion business has taken off in Ottawa and not the other four Ontario municipalities studied in the Rehabilitation and Zoning Review report. Two factors which certainly have influence, according to the Review, are:

- The down-zoning of Centretown and Sandy Hill neighbourhoods in the mid-to-late 1960's. This made investment in existing buildings more secure.
- The composition of Ottawa's population with its very high proportion of white collar workers who would be influenced by changes in lifestyle preference - popularity of living in downtown. (Review, 1980, p. 26)

The other Ontario city (not studied in the above report) where this renovation trend has also taken place is, of course, Toronto. The Vischer Skaburskis study was the first to hint at the nature and extent of the deconversions taking place through renovation. When the net change of dwelling units in the City of Toronto between 1971 and 1976 (as determined by the census) was compared to the net increase in units through new construction, demolitions and alterations (as determined by permits issued) a large discrepancy showed up. The federal census and the City Building permits showed an increase in dwelling units, but the increase in the census was smaller than that reported by building statistics. Some 8,000 dwelling units were lost or unaccounted for. Three possible explanations were offered by the Vischer Skaburskis study:

- errors (under-counting) in the 1976 census;
- errors (under-counting) in the collection of demolition statistics;

- deconversions.

In view of the large discrepancy, the City of Toronto's Planning and Development Department undertook a study to determine exactly what was happening.

> Toronto. Planning and Development Department (1980) Housing Deconversion: Why the City is Losing Homes Almost as Fast as it is Building Them, Research Bulletin 16.

By using assessment data (collected annually) and by conducting case studies of two residential blocks to check their assumptions, the study found that most of the loss was real, not statistical error, and was due to deconversion of units. Between 1976 and 1979, the City's housing stock grew by only 1,000 units, even though nearly 7,000 new dwelling units were built, and less than 1,000 were demolished. The lost units, about 5,000 in a three year period, were found to be a net result of deconversion - property owners eliminating extra rental units from their premises. Further, it is believed these statistics underestimate the loss of units, since rooms in rooming houses, many of which have also been deconverted are not counted as dwelling units. A report adopted by Toronto City Council in October, 1980, notes that even though this does not reduce the total residential floor space in the City, deconversion eliminates dwelling units. This is of concern to the City because:

- The number of people in the City is already being reduced by declining household size (as discussed in Toronto in Transition); by reducing the number of households, deconversion accelerates the loss of population. The public has a very large investment in infrastructure-schools, parks, sewers, transit, roads, etc. - that could serve a population of perhaps 800,000, but the City's population has dropped below 600,000, and is still falling. Meanwhile, new infrastructure has to be built in other municipalities on the urban fringe.

- Many of the units being eliminated through deconversion are flats which used to meet the need of a relatively low income segment of the population seeking rental accommodation. Their loss reduces the housing options for this group, many of whom are being displaced out of the City to areas which lack equivalent transit and other services.

This deconversion trend further jeopardizes the very logic of the planning arguments which were behind the Central Area Plan's housing targets (4,000 new units annually from 1976 to 1986), as well as the City's overall housing policy. More housing in the central area, targeted to a range of income groups, was proposed in order to:

- reduce the need for long-distance commuting into the downtown core, with its attendant high costs, both financial and social, for roads and transit facilities;
- provide a balance between housing and other uses, and between different kinds of housing, thereby contributing to the diversity of the Central Area; and
- respond to "an existing shortage of purchase and rental housing, particularly for low and moderate income households".

The loss of units through deconversion works against the achievement of each of these objectives. The gain of new units is largely being negated by the elimination of existing units.

The 1981 census data should provide further interesting insights into the nature and scope of this trend, not only in Toronto, but in the other cities in which it is occurring. Of potentially greater importance, is a recently commissioned study of how Ontario's assessment information, which is updated annually, can be used in the analysis of housing stock trends. The study is jointly sponsored by the Ministry of Municipal Affairs and Housing, Housing Renovation and Energy Conservation Unit, and the City of Toronto's Planning and Development Department. The purpose of the Housing Occupancy Analysis Project is to develop a computer program capable of using assessment data in order to build "an information base that permits longitudinal and cross-sectional analysis of the housing stock and population characteristics." The specific objectives are:

- To establish an information base which will facilitate time-series and cross-sectional analysis of demographic and dwelling unit characteristics for residential properties. The system will first be made operational for the City of Toronto. Since the assessment collection procedure has been standardized province-wide, similar analyses can be carried out for the other municipalities assuming the data and sufficient computer resources are available.

- Provide a basic analysis of the changing residential character for any area.

- Provide population profiles of residents in units that existed for a specified time period. The profiles will provide a base year profile and illustrate the direction and magnitude of the changes.

- Provide population profiles of residents in units which were, for example, lost between 1974 and 1981.
- Provide population profiles of residents in units which, for example, existed in 1981 and not in 1974, i.e. new residential units. (B and T Software: 1982, p. 3).

Such a data base will allow for very sophisticated and fairly immediate analysis of housing stock trends. It has the potential of providing an effective means of assessing the degree of progress being made through conversion and intensification activities. For further details see:

> B & T Software Consultants (1982) A Report on Housing Occupancy Analysis Project - Study Phase Reprt, Toronto.

Deconversion by individual homeowners, that is, by private market forces, is not the only trend contributing to the loss of rental units in the City of Toronto. The City's rooming house policy has contributed to the net loss of rental units included in the deconversion statistics, though the exact number is difficult to determine.

In 1978, the City imposed a new set of regulations for rooming houses (i.e., bachelorettes) as part of a "clean up" effort aimed at illegal and substandard conversions, mainly in the Parkdale section of the City's West End. Between 1978 and mid-1981, it is estimated that the City's "Bachelorette Clean Up Team" contributed to the net loss of affordable (though illegal) accomodation by eliminating some 2,000 to 2,500 rooming house units. Over 100 converted houses were closed down, displacing all their occupants into an already tight rental market. Since then, a re-evaluation of this policy is taking place. A good review of this entire issue can be found in:

> Bureau of Municipal Research (1982) A Case for Bachelorettes, Toronto

In Ottawa and Toronto, therefore, and probably not in other Ontario urban centres, significant amounts of deconversion have been taking place since at least the early 1970's. In addition, the down-zoning of many residential areas and the adoption of measures to make conversion very expensive, have helped set in motion trends contrary to conversion. This is an issue which must be addressed if conversion, as one element of residential land use intensification policy, is to have any impact on making better use of existing municipal infrastructure and the existing housing stock in Ottawa and Toronto. The down-zoning and tight conversion regulations also have direct impact on the feasibility of residential infill and redevelopment in the existing neighbourhoods. The approvals process, density restrictions and building standards required could make these forms of intensification uneconomical.

The one element of the deconversion problem in Toronto and Ottawa which other Ontario municipalities share is the policy debate over rooming houses. This is related to the residential conversion debate, in terms of location and standards. Etobicoke has recently completed a major study and Ottawa reviewed the issue three years ago.

> Etobicoke. Planning Department (1981) The Lodging House Study.

Ottawa (1977) Report of the Rooming House Advisory Committee.

Ottawa. Community Development Department (1979c) Community Development/Departmental Response to the Report of Rooming House Advisory Committee.

III.3 FISCAL IMPACT ON MUNICIPALITIES

Conversion and intensification have very definite fiscal impacts on municipal budgets. They can generate additional revenue through an improved property tax base and they can impose significant costs through necessary upgrading of hard and soft services. As real as these benefits and costs are, the effort to quantify them is extremely difficult.

There is little in the literature which is of direct relevance. In 1975 Clayton Research Associates was asked by the City of Toronto to assess the impact which development in the City's inner core had on municipal finances. As part of the study, ten municipal fiscal impact studies were reviewed. No common conclusions could be drawn from these studies because they used different methodologies and were conducted in municipalities having different municipal finance or municipal-provincial fiscal structures. When municipal fiscal impact studies are undertaken, numerous questions have to be addressed in deciding the appropriate framework for the study. These include:

- should self-sufficient municipal enterprises be considered as part of municipal government;
- should grants from senior levels of governments be treated as municipal revenues;
- should municipal expenditures include both current and capital costs;

- should capital expenditures be amortized over a number of years;
- how should the costs of providing a specific municipal service be apportioned to a particular development;
- is it necessary to split municipal costs between the cost of providing services to households and businesses; if so, how should this be done?

This does not mean that the task is impossible, only that the initial decisions on what to include and analyze will affect the outcome. For further details see:

> Clayton Research Associates (1975) Municipal Finances and the City of Toronto's Inner Core Area, City of Toronto Planning Board, Central Area Division.

CMHC recently commissioned a study of the financial aspects of municipal reluctance to service medium density residential development.

> Archer, P. (1980) A Preliminary Investigation Into the Financial Aspects of Municipal Reluctance to Service Medium Density Residential Development, CMHC, Technical Research Division.

It found that the built form and density were not as important as the size of the population and that, becuase of transfer payments from senior levels of government, financial considerations are not that crucial. The report's conclusions and recommendations are:

> - The evidence obtained during the course of this investigation suggests that the projected municipal costs of MDD* or any other form of residential development will depend more on the size of the population, and particularly the school age population, expected to live in the development, than on the built form or its density.
> - The evidence further suggests that property taxes provide less than half of total municipal revenues and the majority of costs and revenues are shared regionally in the metropolitan areas where most MDD occurs. For these reasons, financial considerations are not usually central to the approval of a particular project, especially in instances where development plans have pre-apportioned growth shares by density.
> - Existing ratepayers' preferences for new development at lower densities may influence some municipal councils to try to limit MDD, and builders are in fact requesting down-zoning on land previously zoned for MDD. It is therefore recommended that the Corporation not pursue further research into the financial aspects of municipal reluctance to service medium density residential development. (Archer, 1980, p. 39)

There are a few Canadian and American fiscal impact studies which may prove helpful. The Canadian works:

> Comay Planning Consultants et al. (1980) A Study on Sprawl in New Brunswick, Proposal for the Department of Municipal Affairs, New Brunswick and CMHC.

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*Medium Density Development

Peter Barnard Associates, et al. (1979) Sensitive Infill: Process, Analysis and Full Cost Comparison, Phase I Report, Ottawa: Ministry of State for Urban Affairs.

Walisser, B.E. (1978) Fiscal Impact of Residential Growth: British Columbia, British Columbia, Ministry of Municipal Affairs and Housing.

Currie, Coopers and Lybrand (1977) City of Burlington: Study of Financial Impact of New Development on Existing Homeowners, Report No. 1.

AVG Management Science Ltd. (1977) Financial Impact of Growth in Surrey: A Report Prepared for the District of Surrey Financial Impact Study Committee, Vancouver.

Among the American fiscal impact studies are the following:

Burchell, R.W., D. Listokin et al. (1978) The Fiscal Impact Handbook, New Brunswick, N.J.: Centre for Urban Policy Research.

Real Estate Research Corporation (1974) The Cost of Sprawl: Detailed Cost Analysis, Washington: Dept. of Housing and Urban Development and the Environmental Protection Agency, U.S. Government Printing Office.

Sternlieb, G. et al. (1973) Housing Development and Municipal Costs, New Brunswick, N.J.: Centre for Urban Policy Research.

In cities where a great deal of renovation is taking place, another aspect of fiscal impact considerations is the demand renovator-homeowners place on the municipality for increased levels of services. Renovator-homeowners, because of their apparently higher socioeconomic status, may make different, unexpected and more costly demands for services than the lower income groups they displaced. One U.S. study has been carried out on this issue:

> Laska, S.B., D. Spain (1979) "Urban Policy and Planning in the Wake of Gentrification: Anticipating Renovators' Demands", Journal of the American Planning Association, October, pp. 523-531.

As with other impact studies, this one is not conclusive. Renovator-homeowners apparently do have different expectations and a better ability to organize and achieve their demands. The extent to which a city responds to their renovators is difficult to quantify, but any response beyond the normal level of services results in a *de facto* policy in which public resources are distributed to the renovator-homeowners, disproportionately to their numbers.

III.4 ECONOMIC IMPACT ON EXISTING NEIGHBOURHOODS

One common claim about more intensive residential development in existing neighbourhoods is that it will lower property values. If this were indeed the case there would probably be a number of studies looking at the phenomenon. But any literature of this sort cannot be found. All property values have been increasing. The problem, if any, relates to relative rates of increase, rather than absolute decreases. In addition, the negative impact of a new residential development, if any, would most likely only affect the immediately adjacent housing. If this were the case and if the negative impact could be quantified, compensation could conceivably be offered.

It is difficult, based on past experience, to conclude that property values in existing areas have been negatively affected by new residential development, even those built at higher densities. Massive redevelopment, as in the case of 1950's style urban renewal, is clearly a different matter.

It would be useful to identify a number of recent examples of conversion, infill and redevelopment projects in existing urban neighbourhoods and determine the impact they have had on property values. This should be relatively easy to do using standard appraisal principles and comparing trends in the property values adjacent to the new residential development with other similar properties.

In the case of one of the development controversy examples cited in Appendix A, the proposal to build non-profit cooperative housing on extra land at the Galleria Shopping Mall (at Dupont and Dufferin in the City of Toronto), a study was commissioned to determine if the proposed residential development would have a negative impact on property values, as was being claimed by some local residents.

> Lebow Appraisal Services (1982) Brief Preliminary Report: Galleria Housing Project - Impact on Market Values of Neighbourhood Housing, Toronto.

The study concludes that "the proposed housing will complement and raise values on the average, in the immediate area." This opinion was based on an assessment of the area and the proposed project in view of two basic appraisal (and logical) principles. These principles apply to any similar situation:

- The Principle of Regression affirms that between dissimilar properties, the value

> of the better property will be adversely affected by properties of lesser value.
>
> For example, in a neighbourhood of $70,000 houses, a $100,000 house will regress towards the level of the lower valued properties.
>
> - The Principle of Progression is the reverse, or simply stated that properties of lesser value will be enhanced by proximity to better properties.
>
> For example, a $70,000 home in an area of $100,000 houses will sell for more than $70,000 as people will pay a premium to live in a neighbourhood of quality properties. (Lebow Appraisal Service, 1982, pp. 3-4)

Regression of existing property values would clearly happen if, for example, a noxious industry was to move into an area. It is difficult to see regression occurring in the case of residential development within a residential area, except in the case of large scale urban renewal type projects. Infill on vacant lots and redevelopment of non-conforming uses can logically only contribute towards a progression of local property values (other factors remaining equal).

In some cases, the unstated fear is that housing projects with an assisted housing component will bring down property values. That is, that the type of people moving into the neighbourhoods rather than the density of the project will affect property values in a negative way. Again, except in the case of large scale public housing projects, this seems unlikely. Property values are affected by much more general dynamics. For example, the most desirable and expensive "whitepainted" area of Toronto is Cabbagetown. This is in the midst of Ward 7 which contains 42% of all of the City of Toronto's assisted rental housing units (8,764 units out of 27,780 in 1981). Assisted housing comprises 31% of all rental units in Ward 7. This fact presented no apparent problem to the middle class renovator-homeowners who moved into the area and property values have increased dramatically, outpacing most other sections of the city.

In cases where there is concern about the location and concentration of assisted rental housing, a policy of aiming towards an improved locational distribution within a municipality might be one method of encouraging acceptance of such projects. This principle is already being applied in Metro Toronto to the group home issue. For a summary of the distribution of assisted housing in Toronto see:

> Toronto. Planning and Development Dept. (19820 Distribution of Ethnic Communities and Assisted Housing, Neighbourhoods Committee, March 1.

III.5 SOCIAL IMPACT

Different forms of residential development and redevelopment have slightly different social impacts. For our purposes it is useful to distinguish between the social impacts of residential strategies and the social impacts of residential intensification strategies.

III.5.1 Social Impact of Conservation Activities

Rehabilitation and renovation are the two residential conservation options. Rehabilitation, in the sense of minor structural upgrading, has mainly positive social impacts, both to the individual owner or tenant and to the neighbourhood in general. Renovation, however, can generate negative social impacts as well as the positive effects of upgrading the stock. Where renovation has been taking place on a large scale, as in Toronto and Ottawa for example, it has led to the related problems of:

- physical displacement of low and moderate income households;
- deconversion of multiple rental unit structures to single family home ownership, involving change of tenure and loss of rental stock; and
- declining affordability of housing in general.

In the City of Toronto's recent review of its housing policy, Confronting the Crisis (1982), these related concerns were identified as the major focus of the "crisis":

> A central issue of concern is analyzed extensively, namely the problem of retaining social and economic diversity in a housing stock subject to strong and increasing demand pressures. Addressing this problem requires consideration both of policies which are essentially restrictive (measures designed to retain the existing moderate rental stock), as well as measures more positively directed to increasing supply.

The great deal of renovation activity in Toronto over the past ten years has led to the loss of thousands of moderate priced rental and ownership housing units in many inner city neighbourhoods. Where infill and redevelopment have taken place, it has often been in the luxury condominium market, and often at the expense of affordable rental units. The exception is the housing built or renovated by the City of Toronto's non-profit housing program and by the non-profit housing co-operatives.

The City of Toronto has identified the following major trends which are leading to the loss of the private rental stock and leading to the displacement of low and moderate income households:

- luxury rental renovations;
- apartment house demolitions;
- condominium conversions; and
- deconversion.

Not only are many residents displaced when units are withdrawn but also certain forms of discrimination increase. Many landlords, for example, screen out tenants they view as "high cost", particularly lower income families with children. These trends are leading to difficulties in retaining social and economic diversity in the housing stock, and result in declining options within the City for low and moderate income households, especially families.

Among the recommendations in Confronting the Crisis (1982) are a variety of regulatory measures as well as "an expanded program of acquisitions of moderate rental apartment buildings, for use as non-profit or co-op housing." For further details see:

> Toronto. Planning and Development Dept. (1982) Confronting the Crisis: A Review of City Housing Policy 1976-1981.

In Ottawa, the other Ontario municipality facing trends similar to Toronto's, a number of studies have also been carrried out identifying displacement, decreased affordability and loss of rental units as primary social housing problems.

> Ottawa. Dept. of Community Development (1981) Public Funding of Private Renovations in Ottawa.
>
> Ottawa. Dept. of Community Development (1979) Instability and Tenant Displacement Within the Inner City Rental Market.

The study of private renovations found that a high degree of tenant displacement resulted when properties were renovated. More specifically:

> - It is estimated that approximately one third of all original tenants of the rehabilitated properties are permanently displaced either as a result of the physical work done, or as a result of the non-affordable rent increases which results.
> - Permanent displacement is more prevalent in non-resident owner properties.
> - Centretown 4 (39%) and Lowertown West (37%) had the highest degree of displacement among the RRAP units.
> - There is evidence that the higher the increase in rents, the greater the likelihood of the original tenants being displaced. (Ottawa, 1982, pp.2-3)

Ottawa's tenant displacement study (1979) notes that inner city areas are the last pool of moderately priced rental accommodation. Once the older rental stock disappears what little choice that remains for moderate income households within the private market will also disappear because of the high costs of new rental housing. The report identifies four "necessary solutions":

> - A freeze on the conversion of row and semi-detached dwellings from rental to ownership tenure.
> - Encouragement of the various forms of shared accommodation.
> - Construction of low rise rental housing for families and singles through the use of low density infill housing in the inner city areas.
> - Rent controls limiting the yearly increase. (p. 31)

The displacement and affordability impacts of current renovation trends in the larger cities such as Toronto and Ottawa create not only negative social impacts but also additional financial and administrative burdens for the municipality. Social assistance levels rise, the need for temporary and emergency housing increases and the City must develop or expand its social housing activities.

There is a vast American body of literature relating to the displacement problem. A selection of some of the better literature is contained in a second section of the bibliography (titled B. The Displacement Literature) which follows this section. Two recent books which provide a good general treatment of the range of issues involved in displacement are:

> Clay, P.L. (1979) Neighbourhood Renewal: Middle Class Resettlement and Incumbent Upgrading in American Neighbourhoods, Toronto: Lexington Books.

> Hartman, C. et al. (1982) Displacement: How To Fight It, Berkeley, Calif.: National Housing Law Project.

There have also been two recent bibliographies.

> Bruce, L. (1979) The Revitalization of Inner City Neighbourhoods: A Preliminary Bibliography, Monticello, Ill.: Vance Bibliographies.
>
> Vaughn, S.J. (1980) Private Reinvestment, Gentrification and Displacement: Selected References with Annotations, Chicago: Council of Planning Librarians, CPL Bibliography No. 33.

A very useful and informative assessment of the displacement issue carried out by the U.S. Department of Housing and Urban Development is:

> United States. Department of Housing and Urban Development (1979) Report on Housing Displacement, Washington, D.C.

This study contains a review of the nature of the displacement problem, the trends and characteristics of displacement occurring in neighbouhoods undergoing revitalization, and a review of the impact of federal programs on displacement, including "secondary" displacement attributable to federally-assisted programs.

The Canadian literature relating to displacement is more limited. Canadian references are also included in the bibliography which follows. One very recent empirical study using Saskatoon as a case study is:

> Phipps, A.G. (1982) Social Impacts of

Housing Reinvestment in the Core
Neighbourhoods of Saskatoon,
Resource Paper No. 3, Department
of Geography, University of
Saskatchewan, Saskatoon.

Phipps notes that displacement is not always involuntary and that renovation and other redevelopment activities which displace residents only create the potential for displacement. Some tenants or homeowners may have been planning to move. It is the involuntary displacement which leads to a number of negative social impacts. According to Phipps:

> - displacement differs from a voluntary relocation process; stress is not the underlying factor inducing the relocation decision. The displaced household does not have the option of staying put... because of the involuntariness of the move, the household will be more likely to perceive not only the economic costs of moving, of finding substitute housing and specialized services, and of subsequent additional travel, but also the social and psychological costs of unwillingly having to break from the "old" home, friends and neighbours. (Phipps, 1982, p.45)

Consideration of the social costs of conservation and intensification strategies must, therefore, distinguish between voluntary and involuntary displacement and must focus on the latter. Phipps identifies the groups most vulnerable to negative impacts of displacement as: renters, the elderly, minorities, and low-income households.

The Phipps study attempts to identify the specific social costs. The method he chose to use, however, is probably not a very effective one. He identified households who were displaced to determine from them what they perceived the costs to have been. However, he was not able to find the potentially most "socially impacted" group: the transient low-income population. He notes: "The tracing of the transient low-income population, which has been hypothesized to be the most vulnerable to the costs of displacement, seems practically impossible with available sources of data". (p. 82) This same problem arose in the urban renewal displacement and relocation studies of the 1960's - many of the displaced households could simply not be found. Furthermore, it should not be surprising to find that many of the identified displacees are relatively satisfied with their new situation and location. As Phipps points out at the end of his study, people tend to revise or adapt their attitudes and perceptions to the new situation and, as sociologists point out, a "cumulative inertia" often sets in, making it difficult for individuals to assess the relative benefits of different alternatives.

III.5.2 Social Impact of Intensification Activities

Residential land use intensification measures, namely conversion, infill and redevelopment, also have social impacts but they are different in nature from the impacts of renovation. They can also be better regulated by public policy. There is, unfortunately, very little literature, American or Canadian, relating to the potential social impacts of intensification. Renovation in the form of "whitepainting" has been taking place for about ten years and the impacts are only now becoming clear. Based on the impacts of renovation, it may be possible to define what some of the impacts of intensification might be and it is certainly possible to identify what should be avoided.

When conversion, infill or redevelopment take place, new units are being created. There still may be some displacement and the new units may not be affordable, but these factors can be directly addressed by public policy. Renovation, on the other hand, is an activity carried out privately by numerous individual actors in the real estate market. It is not possible to ban renovation or renovators from certain districts of the city although some disincentives can be introduced to direct activity away from certain areas. In terms of social impacts, municipalities are largely forced to "mop up" after the renovators.

In the case of intensification strategies, however, municipalities are able to use their normal zoning and planning powers to designate certain districts and sites for conversion, infill or redevelopment. These designations can be made after taking into account potential negative impacts. Where negative impacts do result, programs aimed at mitigating the impacts can be devised. For example, it would be possible to identify beforehand the number of people to be displaced by or affected in some way by a certain development or rezoning and a relocation or compensation program could be devised as part of the process. This is quite different from the private renovation and deconversion process.

In terms of affordable housing, municipalities also have similar opportunities to address this issue. As is already the case in some municipalities, rezoning or other municipal approvals can be made contingent upon the provision of a certain percentage of social housing (inclusionary zoning). It is possible through such measures to maintain a desired social mix and a range of housing options.

It is from the vantage of social impacts, namely the numerous positive impacts and the ability to predict and mitigate the negative impacts, that intensification policies and programs can offer a politically desirable and acceptable alternative for meeting the housing needs of the coming two decades. There is potentially a serious problem of neighbourhood attitude towards change (outlined earlier in Section II.6). Counter balancing this, however, may be the increasingly serious housing shortage (in terms of type, tenure, location and affordability) which will result in broader municipal-wide support for well devised intensification policies and programs.

III.6 SUMMARY

Part III of this review has examined and summarized data from the existing literature relating to the current patterns and potential impacts which conservation and intensification measures are having and will likely have.

A great deal more research on all aspects of these issues must be carried out due to the lack of studies focussing clearly on Ontario's specific circumstances.

The following issues were identified:

Current Patterns of Conservation and Intensification Activity

- extensive rehabilitation activity is taking place in many of Ontario's municipalities;
- renovation on any significant scale is taking place only in Ottawa and Toronto;
- deconversion is a major result of renovation activities in Ottawa and

Toronto;

- legal and illegal conversions are continually taking place;
- rehabilitation and renovation has been taking place mainly among the individually owned housing stock, not the rental stock; and
- heritage zones have had a positive impact on inducing sensitive rehabilitation and renovation activities.

Key Determinants of These Patterns

- location; quality and size of the housing stock; financing; building and fire codes; and market attitudes and perceptions.

Counterveiling Trends - Demolition, Abandonment and Deconversion

- demolition and abandonment will present a greater problem in coming years as the post-war housing stock, especially the rental stock, ages; and
- deconversion of units from multiple unit to single family is leading to a serious loss of units in Toronto and Ottawa.

Fiscal Impact on Municipalities

- the existing literature on fiscal impacts is very limited; and
- it is a very difficult issue to study due to the many variables which must be taken into account.

Economic Impact on Existing Neighbourhoods

- it is reasonable to assume from past market trends that sensitive conservation and intensification measures will have a positive economic impact on existing neighbourhoods.

Social Impact

- it is useful to distinguish between the social impacts of residential conservation strategies and the social impacts of intensification strategies.
- rehabilitation has positive social impacts; renovation, however, can have major negative social impacts. In Toronto and Ottawa it appears to have led to problems of displacement; deconversion of multi-family rental units to single family ownership units; and declining affordability of housing in general.
- displacement only occurs in cases of involuntary relocation. Not all relocation is involuntary. However, empirical work points up methodological problems involved in tracking many of those who relocated in order to determine the adverse effects of displacement.
- there is very little literature on the social impacts of intensification strategies. However, it seems clear that the adverse effects of such activities may be better mitigated through public policy than impacts of the renovation and deconversion process.

PART III

PATTERNS AND IMPACTS OF CONSERVATION AND INTENSIFICATION ACTIVITY

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APPENDIX A

Examples of Recent Residential Development Controversies

A8/TORONTO STAR, TUESDAY, MARCH 30, 1982 * *

Residents shout down co-op plan for housing

By Michael McAteer Toronto Star

A city-sponsored public meeting turned into a noisy protest last night when about 500 angry area residents hooted, jeered and generally shouted down a proposed 475-unit co-operative housing project at Dupont and Dufferin Sts.

Half-way through the boisterous two-hour meeting in the Wallace Emerson Community Centre on Dufferin St., spectators commandeered the only floor microphone and speaker after speaker shouted and yelled opposition to the housing plan.

Residents complained that the proposed housing for senior citizens, families and the physically handicapped would increase traffic and parking problems and mean an increase in people using neighborhood services.

Vain attempt

A woman who spoke in support of the proposal was drowned out by the uproar, and left the microphone to jeers and shouts of "get out" and "you don't live here."

The 24-year-old woman later told The Star she did, but refused to give her name. When invited to return to the microphone she refused, saying, "I'll be killed."

Michael Vaughan, lawyer for the Galleria Shopping Centre, where the proposed project would be built, was jeered when he suggested the $30 million project would bring "new life and vitality to the community."

The catcalls and the jeers intensified when David Hulchanski, a development consultant with the Co-operative Housing Federation of Toronto, tried to explain that the proposal would help fulfill "social responsibility." The federation and the Toronto Labor Council are behind the proposed co-operative project, to provide non-profit affordable housing.

Massive opposition

When Hulchanski's presentation also was drowned out, Franklin Harvey of the city's planning and development department appealed in vain for the "decent, democratic citizens of Toronto," to give others a chance.

The city organized the meeting to gauge public reaction to the housing proposal, Harvey said earlier.

Ward 3 Alderman Joseph Piccinini said there was "no way" he'd support the plan.

However, despite the massive opposition, a second public meeting is scheduled for tomorrow night at Dovercourt Public School at Bartlett Ave. and Hallam St.

DAVID LEWIS STEIN

SUNDAY STAR, APRIL 4, 1982/F3

'We are all immigrants to this place'

Neighborhood democracy can be both exhilarating and frightening. It begins when people who have never been involved in local affairs suddenly discover they have a common enemy — usually a developer. His project must be stopped. People crowd into public meetings, shout, scream, wave their fists in the air. Overnight what had been an anonymous grid of streets becomes a neighborhood, seething with anger and enthusiasm.

But sometimes this process brings out the worst in people as well as the best. This is happening now in the City of Toronto's west end.

At the corner of Dufferin and Dupont there is a shopping mall, the Galleria, surrounded by a large parking lot. On the southern edge of this lot, overlooking a small park, the Co-op Housing Federation wants to build four apartment houses — one 13 storeys, two just under 10 storeys, one just under seven storeys — and a couple of rows of town houses. The development would have 473 housing units with one building reserved for senior citizens. The neighborhood is furious.

More difficult position

Both ward aldermen, Dick Gilbert and Joe Piccininni voted for a city plan that allowed for the possibility of some kind of housing around the Galleria. Both now say the present project is too massive.

Piccininni says he wants to put the development scheme in a coffin, pick six pall bearers, and hold a public funeral for it. Gilbert has taken a much more difficult position. He says the owners of the Galleria are going to do something with their land and maybe a smaller housing project would be better than a large department store.

Gilbert bravely stood up to two public meetings last week trying to explain his position to a jeering, hooting crowd. The meetings had been called by the city planners. They sat at a long table with the two ward aldermen, the architect and the developer.

This was neighborhood democracy in action. There were even two interpreters, one for Italian and the other for Portuguese. The interpreters were scarcely needed. There was so much carrying on that hardly anybody could be heard over the people screaming, "We don't want it! We don't want it! No! No! No!"

'Behaving like animals'

A gang of sturdy-looking men took over the floor microphone at the first meeting. Most seemed to be friends of Mike Di Filippo, the president of a local ratepayers' association who, according to rumors, is planning to run for alderman himself.

At one point in the second meeting, Di Filippo, an aggressive, red-haired little man, got so angry that two cops had to hustle him out of the hall to cool down. Di Filippo had been outraged by a stern woman with an English accent who told Di Filippo's friends, in what appeared to be passably good Italian, that they were behaving like animals in trees.

It was a tribute to the basic decency of people in the room that the woman didn't get lynched.

The people jostling to the microphone delivered with a fresh passion all the old arguments against development. It'll make too much traffic. It'll lower property values. The neighborhood is already too crowded. The project doesn't belong here.

But the development is not a luxury condominium. It's a non-profit co-op sponsored in part by the Labor Council of Metropolitan Toronto. The housing is partially subsidized by the federal and provincial governments, so that 75 per cent of the people pay low end of market rent and 25 per cent pay what they can. It has to be as big as it is to qualify for government money.

To many people this "social housing" means only a government project where the tenants are poor and cause trouble. "We don't want bums here," people said again.

Darker sentiments

In the corners of the room one heard darker sentiments. "Hey, I hear the city's bringing in another load of those boat people" and "We don't want Pakistanis." A teenage boy told me confidentially: "They're going to bring in people from Iran and El Salvador."

Such feelings are as old as Canada itself. The last wave of immigrants tries to close the door against the next wave. The English turned on the Irish and the people from the British Isles turned on the Jews and the eastern Europeans who began to pour into Canada at the beginning of the century.

"How many people in this room have ever been poor?" Martin Schregenberger, a young architect from the neighborhood asked when he got to the microphone. For a moment, the din ceased. Of course people remember being poor. In a sense, all newcomers are refugees. People who are well off do not leave their homelands to seek a better life in a new country.

But people sometimes lose touch with their own past. It's such a struggle to earn a living and buy a house and raise kids. An intrusion of newcomers into the neighborhood is seen as a threat.

Still, Toronto is becoming a city of immigrants. The future is going to be very different from anything we have known. The poet Margaret Atwood put it best when she said "We are all immigrants to this place, even those who were born here."

The fight over the Galleria development is a struggle for the soul of this place.

A8/TORONTO STAR, THURSDAY, MAY 6, 1982 ★★

Homeowners boo mayor over subsidized housing

By Rita Daly

Angry homeowners, saying they are fed up with "low rise, high rise and now subsidized" rentals in their neighborhood booed Scarborough Mayor Gus Harris last night when he suggested they support high density housing in their area.

Following three hours of debate, residents of the Inglewood Community near Sheppard Ave. and Kennedy Rd. marched out of the planning board meeting calling the mayor's remarks "a lot of garbage" and threatening to throw him out of office in November's election.

"There's going to be some great changes in Scarborough next election," said Verna Askin before the board recommended approval of a 20-unit housing project being proposed by Metro Toronto Housing Co. Ltd.

More than 1,000 people in the vicinity signed a petition protesting the construction of 12 townhouses, three semi-detached and two single-family homes on the 1.5-acre site.

Many homeowners who addressed the meeting complained that the rental housing — 25 per cent of which will be rent-geared-to-income — will bring down the value of their properties and disrupt their community.

"We have the low-rise, the high-rise and now we have the subsidized," said George Calder, of 163 Allanford Rd. "And by the looks of it we're going to get worse."

Harris told the audience that if his support for "affordable housing" costs him his job in the next election, he will take that risk.

The proposed three-bedroom units in the project will be built for families and rent for about $650-$700 per month, said a spokesman for Metro Toronto Housing Co. Ltd.

A16 *

TORONTO STAR EDITORIALS Monday, May 10, 198

Metro needs low-rent homes

Homeowners who band together to stop the erection of a huge apartment building on their streets can sometimes muster a credible case — even if there happens to be a need for more rental apartments at the time. Such homeowners may be defending the coziness of their neighborhood. After all, solid, friendly neighborhoods are a proud tradition in Metropolitan Toronto.

But when homeowners band together to oppose a socially useful development of only 20 houses — as they have in Scarborough — their sense of neighborhood has threatened to turn sour.

The development in question is in the north Scarborough community of Inglewood. At a time when the apartment vacancy rate in Metro is 0.3 per cent it will provide just the kind of accommodation that is so desperately needed here.

Metro's own Metropolitan Toronto Housing Corporation wants to build 12 town houses, six semi-detached houses and two single-family houses next to a senior citizen apartment building.

All 20 units will be non-profit housing. This means Metro can take advantage of special low cost federal mortgage funds and offer 75 per cent of houses for rents pegged to the low end of market rents. The other 25 per cent of the houses will be offered to people who pay only rent geared to their income.

This kind of family housing designed for people with low and moderate incomes is in great demand in Metro now. But residents of Inglewood are so upset about the 20 houses that 1,046 of them have signed a petition demanding that Scarborough Council block the development.

Some people complain that the development is too dense — even though many of the houses adjoining it are semi-detached and very similar to the ones Metro wants to build. Moreover, at a recent planning board meeting, speaker after speaker from Inglewood complained that houses in the new development would not be "owner-occupied" — although 40 per cent of the people in Metro now live in rental accommodations and the day is long past when tenants were considered second class citizens who had no stake in their neighborhood.

Scarborough Mayor Gus Harris has put his political future on the line to support the 20 houses in Inglewood. Scarborough Council should recognize Metro's need for such rental housing and approve the project. And the homeowners of Inglewood should prepare to welcome their new neighbors with some of the neighborhood spirit of which they are so proud.

Toronto Star

May 11, 1982

Co-op plan worries residents

By Paul Fox

THORNHILL — A Thornhill homeowners' association is concerned about a proposed townhouse co-operative in the neighborhood.

Mastercraft Development Corp. of Ottawa and the Co-operative Housing Federation of Toronto Inc. are proposing a 155-unit co-operative on a 9.1-acre site on the west side of Bathurst St., north of Steeles Ave.

But the Westminster Green Homeowners' Association thinks the density of the development is too high. The association represents 350 area homeowners.

The association stresses it is not against co-operative housing but thinks the traffic from 155 units will congest the main neighborhood road — Mullen Dr.

Increased traffic on Mullen could pose a danger to children when a school is built north of the proposed development, association members say.

The value of homes adjacent to the site could be lowered, they say.

"How would you like 300 cars moving in and out in front of your house?" asks the chairman of the association's development committee, Ivor Levstein.

"I would like to see where a co-operative lowered property values," says Mitchell Cohen, spokesman for the Co-operative Housing Federation of Toronto.

According to Cohen, there are approximately 65 housing co-operatives in the Metro area. Interest rates are high and the rental vacancy rate is less than one per cent, he says.

The project, called the Mackenzie Housing Co-operative will have two, three and four bedroom units. It will provide 310 tenant and 25 visitor parking spaces, Cohen says.

More than 175 families are interested in moving into the co-op, he says.

The homeowners' association would like a public hearing into the matter.

"We are also considering the possibility of applying for an official plan amendment to reduce the zoning of the site," Levstein says.

The site is properly zoned for Mastercraft's proposal, according to town officials.

DAVID LEWIS STEIN

SUNDAY STAR, MAY 30, 1982/B3

The time of the crab

Two nasty little neighborhood fights coming up in Metro inspire the observation that if the 70s were the years of the "me generation," the 80s are becoming, "the time of the crab."

Face the world with a hard shell and pinch anyone who comes close.

Around Newbold Ave., in the east end of the City of Toronto, a group of people are determined to stop Cityhome, the City's housing company, from putting up a three-storey building that will have — incredibly! — only 21 apartment units.

There are complaints that the building will despoil a ravine which looks to me like a vacant lot used more for dumping junk than enjoying nature, and that the 21 units will create traffic problems and lead to overcrowding in the neighborhood.

Such protests are hard to take seriously and I think the real objections that the neighbors have were expressed in a letter to Alderman Dorothy Thomas. "I realize there is a need for low income housing . . ." the letter said. "I believe our neighborhood already has its share of mixed housing and occupancy of this project will have an adverse effect on the quality of life in our neighborhood."

In other words, we don't want poor people around here.

Not overrun

In fact, in an area of nearly one square mile surrounding the project, there are, according to the best count I can get, only 120 housing units in which people get some kind of government assistance. They are not exactly overrunning the neighborhood.

Moreover, Cityhome projects are not public housing. They are non-profit housing, which is something quite different.

In public housing projects run by the Ontario Housing Corp., the tenants pay only what they can afford. It's called "rent geared to income." In non-profit housing projects, only 25 per cent of the tenants pay rent geared to their incomes. The rest pay rent pegged to the low end of current market rents.

Non-profit projects are supposed to create a healthy mixture of people from all income levels so that the buildings don't become isolated and shabby "ghettoes" for the poor.

But the idea that the occupants don't actually own the building has outraged people in the North Scarborough community of Inglewood. Over 1,000 of them have signed a petition to stop Metro from building 20 non-profit houses.

Again there are complaints that the 20 houses are going to change the character of the neighborhood and lead to overcrowding and traffic problems and on and on. But again, I think the real objections came out of a bitter and noisy meeting of the Scarborough planning board a couple of weeks ago.

40% tenants

One man claimed that tenants from a nearby apartment had kicked holes in his fence. However, he never got around to explaining how he knew that tenants had done the damage. And speaker after speaker protested that the Metro houses would be "non-owner-occupied."

It seems incredible that in these days when 40 per cent of the people in Metro Toronto live in rental accommodation, homeowners would still be trying to suggest that tenants are second class citizens. But these homeowners from North Scarborough harken back to the days of Queen Victoria when people who didn't own property were not even allowed to vote.

In an attempt — futile I suspect — to appease the community, Metro Housing has offered to sell off sites for eight houses. Metro shouldn't do this.

Ottawa provides low interest mortgages for non-profit housing and insists on the mix of tenants. But once the mortgages are paid off, the municipality owns the buildings and can rent all of the units out to low-income people if it chooses to. Since no other level of government is still building housing for low income people, every unit of municipally-owned housing is going to be badly needed in the future.

In attempting to characterize the ruthlessness that these hard times seem to bring out in people, it's becoming common to say, "It's a jungle out there." But this is really unfair to animals.

A more accurate way to express the kind of selfishness only human beings seem to indulge in would be to say, "It's a city out there!"

High-rise housing projects difficult for downtown

N. BAY NUG. JAN 30 '82

By BILL RADUNSKY, Nugget Staff Reporter

True or false? North Bay needs more apartment units. The downtown area is an ideal place for them to go. High-rise buildings are about the only way of getting residential development in the core.

There are few persons who would dispute these statements. But despite their wide acceptance, the city has had relatively little of such development in the vicinity of its central business district.

The fundamental problem, according to senior city planner Steve Sajatovic, is that reality doesn't always co-operate with ideals.

Among the realities are land costs, property assembly, and high-rise compatibility.

Simply put, it's cheaper and easier to put together a land package in suburban areas.

An example of where land costs have caused at least a temporary halt to the proposed construction of a senior citizen high-rise apartment building is to be found on Worthington St. W. across from Golden Age Towers.

The apartment development was a jointly sponsored proposal of the North Bay Kinsmen Club and Golden Age Centre.

The proposal had involved a 13-storey, 99-unit complex on the half-acre site.

OMB denied project

It was turned down by the Ontario Municipal Board (OMB) this past summer. The OMB agreed with Jim Wills, adjacent property owner, who felt the proposal was too large for the site.

The two groups, however, have not totally given up the idea of building a senior citizens' building on the property, said Shirley Mitchell of the Golden Age Centre.

The groups are currently trying to come up with a financially feasible project that involves a reduced number of units. Of course, the smaller the development, the higher the per unit cost of construction, which in turn forces rents up.

The other reality of downtown high-rise development involving land — its assembly — is illustrated by another non-profit organization.

A spokesman for Triple Link Inc., Helge Petersen, said his organization has been looking to acquire property in the core area for an apartment development for some time.

"The city authorities would like us to build downtown," he said, but finding a piece of land the right size at the right price is difficult.

The third major reality that must be faced in constructing a high-rise, is compatibility, which largely involves attitudes towards high-rises.

In North Bay, a high-rise building is defined in the official plan as anything more than three storeys and containing more than 30 units.

Since "beauty is in the eye of the beholder", said Mr Sajatovic, the construction of high-rises often meets with resistance from residents in the area.

He also pointed out that municipal land use policies do seek to protect existing residential neighborhoods from development that is incompatible.

"Traditionally the city has basically been a single-family (unit) community," said Mr. Sajatovic. "Only in the last 10 years has the community begun to supplement its single-family stock with multi-residential."

High-rise development is often considered incompatible in low-density neighborhoods.

Neighbors protest

The difficulties Perut Construction Ltd. is having trying to get the rezoning it needs at Fifth Ave. and Front St. is a prime example of the conflict between the desire to protect existing neighborhoods and the desire for apartment development.

The development being proposed by the Perut firm involves a six-storey, 56-unit apartment building.

Supporters of the rezoning say the apartment building will help alleviate the city's low vacancy rate for rental housing without interfering with enjoyment of the neighborhood by existing residents.

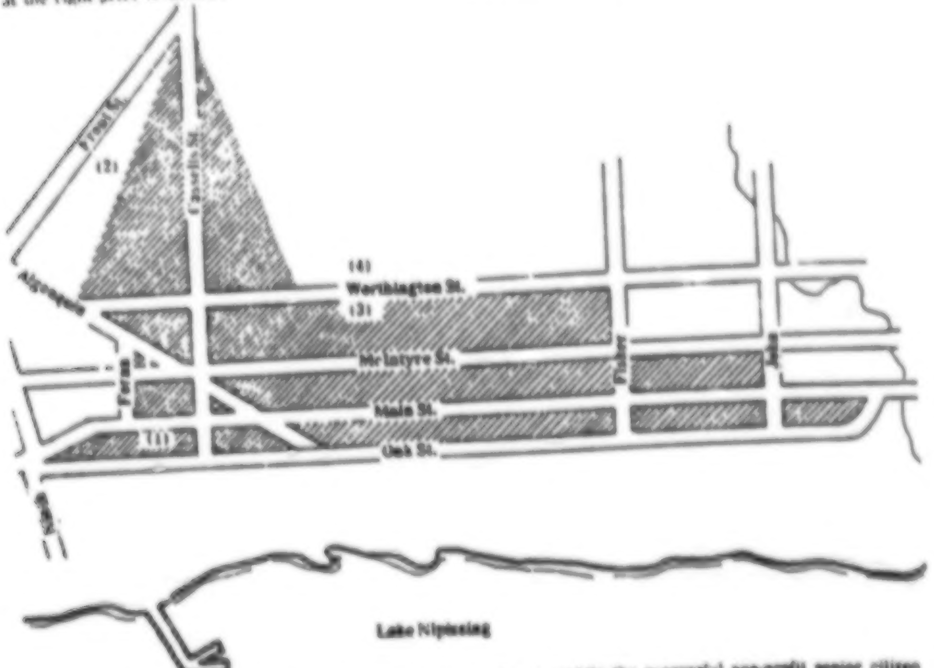
Opponents — residents in the area — claim the site is not suitable for high-density housing in large part because of its nearness to a low-density neighborhood.

The matter is going to the OMB for arbitration.

There has been some high-rise residential development downtown. The Golden Age Towers and the nearly-completed 40-unit apartment building at the corner of Main and Foran Sts., are two success stories.

Still, it should be noted both are non-profit senior citizen apartment projects which received financial assistance from the Canada Mortgage and Housing Corporation (CMHC).

Therefore, despite all the reasons why downtown residential development is desirable — proximity to community services, the existence of sewer and water services, to name just a few — it appears that in these times, only special assistance makes such development financially feasible and even then, not in all cases.



Sites on Nugget map are at left, the soon-to-be completed 40-unit senior citizen apartment building (1); at the top the proposed 55-unit Perut apartment building (2); in middle the successful non-profit senior citizen Golden Age Towers (3); and the unsuccessful 99-unit non-profit apartment building. (4).